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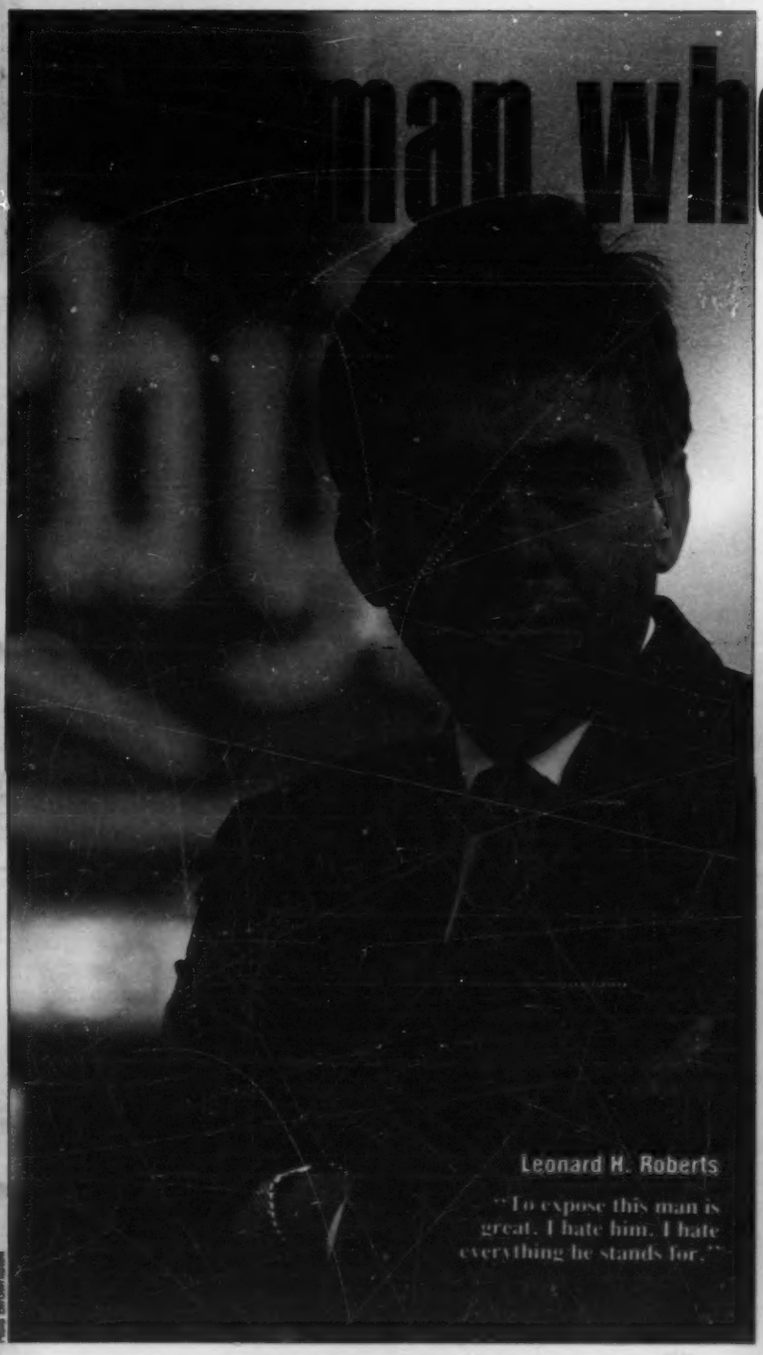
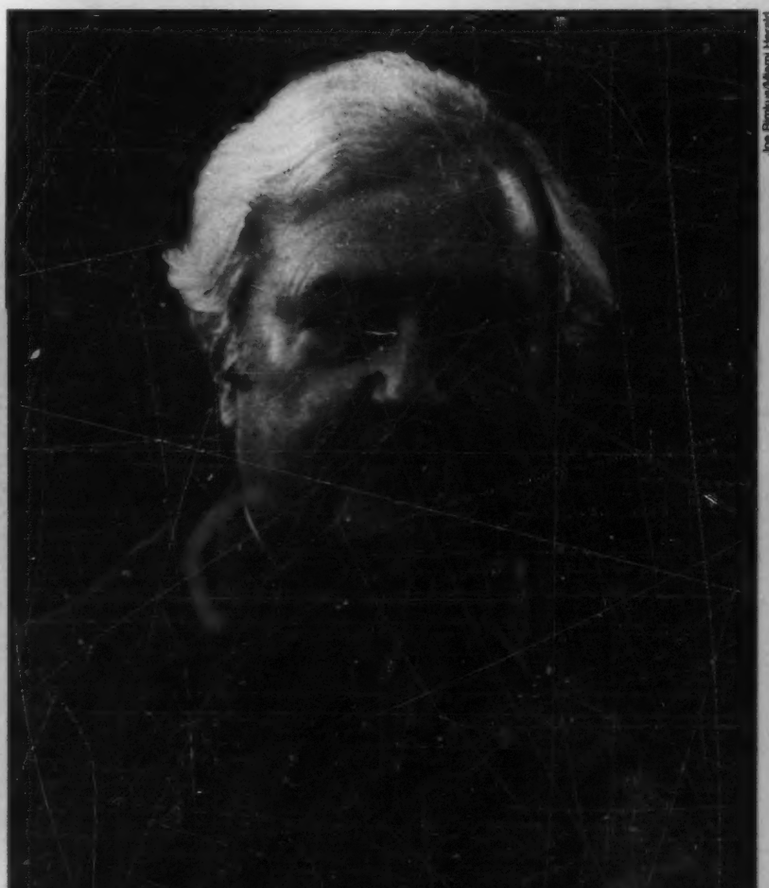
The man who stood up to Victor Posner



Leonard H. Roberts

"To expose this man is great. I hate him. I hate everything he stands for."

Ross Birkshead



Victor Posner

"Somewhere along the line, Roberts began to think that he could walk on water," a Posner aide said.

Joe Rimkus/Miami Herald

By Joseph M. Winski

In early 1985, Leonard H. Roberts, a Ralston Purina Co. vice president in search of funds for a management buyout of Ralston's foodservice division, boarded a plane to New York.

His seatmate that day was a woman named Renee Mottram. Mr. Roberts told her what he was up to.

She suggested that her boss, who had a certain fondness for acquisitions, might want to hear more about Mr. Roberts' plans.

Her boss, she said, was a man named Victor Posner.

Mr. Roberts met with Mr. Posner, who was chairman,

(Continued on Page 4)

Decision on dividend vital to Saatchi future

By Laurel Wentz and Jon Lafayette

When Saatchi & Saatchi Co. announces its yearend results Dec. 6, analysts will be watching for the one move that could put the company "in play."

Analysts believe that if London-based Saatchi cuts its dividend too far, it will cause the stock price to tumble and could set off bidding for the company.

New CEO Robert Louis-Dreyfus implied at a meeting with U.S. analysts early this month that he's not comfortable maintaining the dividend at the same level the company paid when Saatchi was more profitable.

At the same time, longtime Saatchi executives are believed to oppose a dividend cut, which would increase both shareholders' wrath and the company's vulnerability.

Saatchi paid a dividend of 7.4 pence per share two months ago for the first half of this year. A dividend of 8.6 pence, which would cost the company $21.5 million, was planned for the second half.

Cutting the dividend "would increase their vulnerability to takeover," said Neil Blackley, an analyst at U.K. stockbroker James Capel & Co. "I think the price would come back [down]. A compromise would be to write off everything that is prudent but maintain the dividend."

"There's definite friction between [Mr. Louis-Dreyfus] and the Saatchi old guard on the subject" of the dividend, said Emma Hill, analyst at Wertheim Schroder, New York.

Saatchi is still holding meetings about the write-offs and the dividend, and apparently hasn't made a final decision.

However, a recent story in the *Evening Standard* reporting analysts' impression that Mr. Louis-Dreyfus favored a dividend cut was altered in later editions to firmly rule out such a move.

Mark Shepperd, an analyst at

(Continued on Page 8)

Infiniti ads pull in traffic

An Advertising Age roundup

Nissan Motor Corp. USA's unconventional prelaunch campaign for Infiniti is having an impact.

An *Advertising Age* sampling of dealers across the country indicates the campaign is driving customers and the curious into showrooms.

The new upscale division officially began selling cars Nov. 8, following an intensive Zen-like campaign that never pictured the automobiles—the Q45 sedan and M30 sports coupe.

"I was very skeptical at the beginning," said Brian Kelly, principal of Roland Kelly Infiniti, Beverly, Mass. However, he said people began showing up at his dealership three weeks before it officially opened.

In the first week of business, more than 200 people entered the showroom, he said.

Wayne Wright, general sales manager of Grubbs Infiniti, Fort Worth, Texas, was another skeptical dealer: "I thought, 'If it doesn't show the car, the response will be bad.' But people thought it was a classy advertising campaign."

Some Infiniti dealers were skeptical at first, but now they say the unusual ad campaign is bringing in customers.

"The advertising clearly worked," said Robert Dekoy, sales manager at Loeber Imports, Chicago. "The number of people coming in here has been tremendous. It's been like the Auto Show here."

Mr. Dekoy acknowledged there was some chuckling early on over the TV spots from Hill, Holliday, Connors, Cosmopulos, Marina del Rey, Calif. "I think most people's first reaction was 'What the hey?' but after they saw them a few times, they got the idea."

Awareness of Infiniti ran high in the Cleveland suburb of Bedford, Ohio. While prospective customers at Motor Cars Infiniti split over whether they like the advertising, "they all remember it, and it has aroused their curiosity about the car," said Jeff Bleiweiss, general manager.

Infiniti of Beverly Hills, Calif., sold out its first allotment of $38,000 Q45s in just 10 days. "Eighty percent [of people drawn to the showroom] said they'd seen the commercials," said Jim Clarey, sales manager. "They said it was unusual, they'd never seen anything like it before."

He added that most people were

(Continued on Page 112)

NCAA joins CBS sports roll

By Wayne Walley

Advertisers and agency executives are bracing for a new standard in sports ad packages now that CBS-TV has added the National Collegiate Athletic Association basketball tournament telecasts for the 1990s.

The $1 billion, seven-year deal cemented with the NCAA last week gives the network virtually year-round, top-name sports for years to come. CBS has the 1992 and 1994 Winter Olympics, National Football League national conference playoffs and baseball's league championships and World Series.

"It gives the network a lot more in the way of packaging opportunities, which can provide more pricing flexibility," said Joseph Ostrow, New York-based exec VP-corporate director of media for Foote, Cone & Belding.

Many observers believe CBS will use its stockpile of sports inventory to create annual and multi-year deals for more than just the big-name advertisers that use sports.

"The key is how CBS packages the whole operation," said a buyer who asked not to be identified. "Obviously, what is happening is that we are getting into a stratum of higher pricing that squeezes the middle group of advertisers."

The network is asking about $360,000 for a 30-second spot in the 1990 NCAA championship game, about 20% more than last year. Agency buyers said asking prices for other tournament games are already about 25% higher than last year, and they expect bigger jumps once the new contract takes effect.

Guidelines for beer advertising, the hottest topic of negotiations, almost became a non-issue after the NCAA softened its stance.

Jim Marchiony, NCAA director of communications, said the idea of imposing restrictions was dropped when Anheuser-Busch proposed a voluntary plan to run a balance of ads promoting both product and moderation starting this year.

The NCAA originally broached the idea of banning all beer ads, then talked of limiting beer to "educational" or moderation commercials. It finally settled on limiting the amount of beer spots to 60 seconds per hour. The deal reduces beer advertising by a third, meaning CBS will need to find other ad categories to fill the void.

The new NCAA deal, starting in 1991, is the second billion-dollar contract CBS has signed in less than a year. Last December, the network agreed to pay $1.06 billion for four-year rights to Major League Baseball.

CBS might have also considered the NCAA a necessary piece of the network's sports puzzle after it lost the rights to the National Basketball Association to NBC earlier this month. NBC snapped up rights to the NBA starting in the 1990-91 season for $600 million.

The NCAA price tag pushes the annual rights fee to an average of about $143 million a year, up a whopping 260%. □

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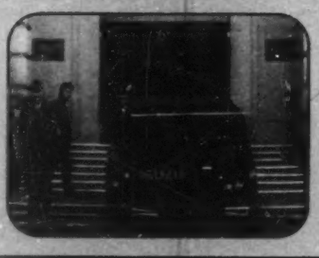

Joe Isuzu becomes an obnoxious hooligan, Hilton International returns to the days of imperialism and Philip Morris turns the First Amendment into a marketing ploy.

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Where is the key media headed? How much will prices increase? Ad Age talks to both the buyers and sellers to find out, with some surprising results

MEDIA OUTLOOK

The sellers' perspective

TV appears on verge of new golden age

By Wayne Walley

BAROMETER

HOT

Ride 'em, cowboy... Westerns, once TV's most popular genre, are starting to corral viewers again. Although agency executives expected CBS' "Paradise" to draw a quick cancellation, the series is back in the saddle again, trying to turn Saturdays into a gunfight. ABC is high on "Young Riders," and NBC has its hopes riding on its "Desperado" movies.

Three out of four ain't bad... Producers Marcy Carsey and Tom Werner proved they aren't perfect when "Chicken Soup" didn't cook this fall. But few producers can lay claim to three top-rated series at the same time: "Roseanne," "Cosby" and "A Different World."

Going to the well... TV comedies usually grow stale and fade. Not NBC's "Cheers." Despite death, cast changes and syndication of early episodes, the series continues to serve up more laughs.

A little drama never hurts... First the famous Bryant Gumbel computer memo lambasting everyone on the "Today" show. Then the Deborah Norville intrigue. Finally, Jane Pauley's decision to leave her job by yearend. The "Today" plots almost come from "Dynasty," but the off-camera drama has given the NBC entry a new lease on life in the ratings race.

Outfoxed... Ever since Terry Rakolta turned an episode of "Married . . . With Children" into a national campaign to clean up TV, the Fox Broadcasting Co. comedy has become the fledgling network's biggest hit.

Let's be upfront about it... Despite TV's double-digit price increases, marketers bought 90% of the '89-90 prime-time space before the season started, or more than half the network's anticipated total ad revenues of $10 billion for '90.

Swinging for the fences... Following the long-form Porsche spots during the baseball playoffs, the big-bang commercial—somewhat dormant since "1984"—may be back on the roster.

Strange bedfellows... The networks, trying to woo viewers back to network prime-time, are entering

(Continued on Page S-20)

+1.9% National ad $s

Jan.-Sept. '89 vs. Jan.-Sept. '88

Advertisers are rediscovering broadcast television, giving network, barter syndication and spot TV sellers a rosy outlook for the 1990s.

The robust sellers' market starts with the Big 3 networks. After a record-setting $3.8 billion upfront market for the 1989-90 prime-time season—or some 90% of the available inventory—ABC, CBS and NBC are understandably optimistic.

Add in Fox Broadcasting Co., and network TV reaped about $4.2 billion in upfront sales, an increase of more than 20% over last year.

Can the same thing happen next year?

"The dinosaurs have become dynamos," says an elated network executive, who believes a vigorous effort to market network time and a spending shift from promotion back to advertising resulted in the improved sales volume.

The ad volume rolled in despite network's shrinking share of the TV audience, albeit at a reduced rate, and a cost-per-thousand jump of from 12% to 18% for the new prime-time season. Chances are scatter prices in early 1990 will fetch even higher prices as almost all advertisers are picking up first-quarter and second-quarter options to buy time in all network dayparts.

"There's no reason why it shouldn't go on," says Larry Hoffner, senior VP-sales, NBC. "Television is a strong market. The money is there and it's a steady thing. Network time is not a 'house on fire' market."

A strong economy and a strong network marketplace also mean booming business for all of broadcast TV. With fewer network availabilities, marketers with TV advertising needs turn to alternatives such as barter syndication, cable and spot TV.

For 1990, the Television Bureau of Advertising forecasts a 7.1% increase in broadcast TV revenues. Syndication, starting from a smaller base, will show the largest percentage increase—15% to 17%, compared with 6% to 8% for network and local TV and 5% to 7% for spot, according to the forecast.

Fueling the robust market this year and providing optimism for 1990 is the massive marketing battle on the automotive front. The big-spending introductions of Nissan's Infiniti division and Toyota's Lexus were just two of the factors igniting a frenzied market this year. The addition of the new Saturn line from General Motors could create the same spending spree in 1990.

As an industry, the automakers increased upfront spending on the networks alone by some 75% and could commit even more in the winter, spring and summer if the fall marketing campaigns don't work.

While a bulk of the automotive ad budgets are being spent on network, sellers of ad time in syndicated shows and those representing local TV stations in the spot TV market say the car marketers also are pouring money into their respective areas.

TV sellers say other advertisers also seem to be re-discovering brand-building through advertising, eschewing the massive promotion expenditures of previous years.

"Almost to a person, the advertisers speaking at the Association of National Advertisers conference this year said they had to pull back on promotional spending and redress that balance," says Jim Joyella, president of TvB.

Many seem to be coming back to network TV with larger budgets. "The realization is that the networks, with their large reach, are important to have," says Jake Keever, exec VP-sales, ABC Television Network, New York.

The networks also are buoyed by their apparent success in halting or at least slowing audience erosion this year. The three-network audience share of prime-time during fall 1989 has hovered between 65% and 70%. Another factor is the three-network marketing efforts.

"We have to do more to prove our value, so we're spending the time putting presentations together to show the value of particular dayparts," says ABC's Mr. Keever. "It's a positive thing to sell network as the best mass media situation. We did get increases in price and now we have to establish in the minds of the

(Continued on Page S-19)

Top 15 soften network TV's decline

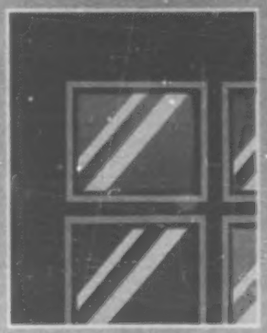
0.4% Jan.-June 1989 vs Jan.-June 1988

Network TV's top brands notch 0.4% gain in first half 1989 ad spending to ease network's 1.2% decline.

Top 15 network TV advertisers	Jan.-June 1989 ($mils)	% change Jan.-June 1989 vs Jan.-June 1988	full year 1988 ($mils)
McDonald's Drive Restaurants	$127.6	18.8%	$245.4
Burger King Restaurants	52.7	68.4	58.9
American Express Credit Card	32.7	23.4	51.6
Kentucky Fried Chicken	29.0	3.9	55.8
Budweiser Beer	24.3	(25.5)	66.0
Wendy's Restaurants	22.6	(3.8)	49.3
Red Lobster Inns Restaurants	20.9	(2.3)	39.5
Oldsmobile Cutlass	19.6	10.1	42.3
United Air Lines Passenger	18.3	17.3	39.8
Coca-Cola Classic	18.8	42.4	36.1
Miller Lite Beer	14.4	(19.1)	49.3
Miller High Life Genuine Draft	12.0	(26.4)	44.2
Michelob Beer	11.2	(42.6)	39.2
Budweiser Light Beer	9.6	(44.5)	41.6
AT&T Co. General Promotion	9.5	(71.0)	73.3
Total	421.2	0.4	932.3

Top 15 brands selected by 1989 it ad spending, but ranked by 1st half 1989 spending.
Source: LNA/Arbitron Advertising Age graphic: John Holland/Kelly Segura

INSIDE



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RADIO: Making hay with spillover dollars from TV. Page S-10.

NEWSPAPERS: Some are still missing the ad news. Page S-14.

OUTDOOR: Opening up to draw new categories. Page S-16.

Edited by Craig Endicott
Illustrations by Joe Gast

BAROMETER

HOT

Pure dynamite...TNT, also known as Turner Network Television, explodes onto the scene. Old movies have drawn large numbers of loyal viewers to this year-old network, which will add more sports programming in 1990.

Play it again... The public's seemingly insatiable appetite for sports has buoyed ESPN to the top of the subscription charts. Watch for the pitch it gives to its giant baseball broadcast package.

...and again... Regional sports networks will prove that there's nothing like root, root, rooting for the home team. New sales packages that combine these into mini-networks should play well with national advertisers.

Kudos for Kay and Co.... Kay Koplovitz' USA Network is watching its ratings escalate as it puts on more original programming and consistently refreshes its schedule.

Nothing but lousy reruns... Re-regulation could become the top issue next year. Sen. John Danforth (R., Mo.) reportedly is considering introducing legislation that would re-regulate subscriber rates, return more power to franchising authorities, reconfigure must-carry rules and reduce multiple systems operator size.

You must be kidding... Comedy Channel and Ha! TV Comedy Network will make a big splash next year. OK, so they're a little behind the boom in stand-up comedy clubs. But it's just about the right time for cocooning to work in the networks' favor as clubbers stay home.

COLD

Fine young cannibals... SuperStation WTBS' ratings and programming pizzazz are slipping, industry watchers agree, as TNT cannibalizes its audience and Turner executives concentrate resources on their younger star.

Bear market... Financial News Network has lost momentum on business news coverage to CNN. Agency executives now wonder whether it has narrowcasted itself into a corner.

So much for NBC's win streak... Consumer News & Business Channel, the NBC-owned cable startup, is considered unremittingly boring and production values need to be improved.

Hee-haw... The Nashville Network needs a boot in the overalls. But even with a good programming shot-in-the-arm, critics wonder whether its appeal is broad enough to generate momentum in the ratings.

Shopped 'til it dropped... Home shopping networks aren't the tonic they used to be. Proof that shoppers would rather walk the aisles than order another cubic zirconia ring. □

The buyers' perspective

Upfront cable comes of age

By Judith Graham

The cable upfront buying market will sizzle in 1990.

Industry executives predict as much as $650 million in cable inventory will be sold on an upfront basis in the coming year, with "hot" networks and programs commanding sizable cost-per-thousand increases.

The reason, they say, is national advertisers' appetite for cable is healthier than ever, as is their desire to get their pick of increasingly appealing cable programming.

"More advertisers are looking at target marketing, and there are still more places where you can target on cable than on the [Big 3] networks. I think cable is going to have a super year," says Joseph Ostrow, worldwide media director, Foote, Cone & Belding.

According to Paul Kagan Associates, a leading cable researcher, cable network ad revenues are expected to jump 14.3% to $1.6 billion in 1990, compared with 1989.

The biggest ad growth categories for the industry will be regional sports networks, whose revenues should leap 35% to $100 million, and local advertising sold by cable operators, which is expected to climb 29.9% to $521 million.

With agencies increasingly anxious to snap up the best inventory as early as possible, the cable upfront market next spring for the 1990-91 broadcast season easily could top $650 million, says Larry Gerbrandt, VP-senior analyst at Kagan.

That would be a 30% increase over this year's cable upfront season, an activity whose strength caught both networks and agencies by surprise. The result was some networks underpriced inventory and some clients missed out on buys they had wanted.

Also, prices for popular inventory sold in the short-term "scatter" market soared, leaving clients and agencies determined not to be caught in the same position again.

The year before was the first one in cable's history to witness significant upfront activity, with $200 million in advance ad spending.

Most of the extra money in the 1990-91 cable upfront season will come from higher CPMs charged by cable networks, rather than a significant expansion of the inventory sold on an upfront basis, Mr. Gerbrandt says.

Robert Coen of McCann-Erickson predicts cable's CPMs will increase 8% in 1990 following a 10% increase in 1989. Mr. Gerbrandt declined to predict upfront CPM increases, saying only that the current 25% to 60% gap between network and cable CPMs would

(Continued on Page S-22)

Top 15 fuel cable's meteoric rise

Cable's leading brands climb 16.2% in first half '89 ad spending as medium surges 38.9%.

Top 15 cable TV advertisers	Jan.-June 1989 ($mils)	% change Jan.-June 1989 vs Jan.-June 1988	full year 1988 ($mils)
Time-Life Books	$3.7	146.7%	$4.0
Budweiser Beer	3.5	2.9	8.2
Sports Illustrated Magazine Subs	3.0	20.0	7.3
Time-Life Records & Tapes	2.4	242.9	3.2
America Dairy Assn./Cheese	2.3	15.0	4.5
Discover Credit Card Svc	2.2	144.4	3.1
Charles Schwab & Co.	2.0	(25.9)	5.4
Budweiser Light Beer	1.9	5.6	4.8
AT&T Long Distance Lines	1.7	30.8	3.1
Sporting News Magazine Subs	1.7	6.2	3.1
Wall Street Journal Subs	1.7	(15.0)	4.2
Levis Jeans Men	1.6	33.3	3.0
Michelob Beer	1.2	(25.0)	4.0
National Rifle Assn. of America	1.1	(52.2)	3.1
Pepto-Bismol Antacid Tblts & Liq	0.8	(20.0)	2.6
Total	**30.8**	**16.2**	**63.6**

Top 15 brands selected by 1989 total spending, but ranked by 1st half 1989 spending.
Source: LNA/Arbitron Advertising Age graphic: John Holland/Holly Seguine

The sellers' perspective

Original fare 'begins to blossom'

Hopes are running high among cable networks for an outstanding 1990, both in terms of advertising revenues and new programming advances.

Jack Bonanni, ESPN's senior VP-advertising sales, says, "1990 will be at least as good for cable as 1989, and 1989 has been staggering."

Network executives expect ad revenues for their side of the industry—excluding cable operators' local ad sales—to climb about 15% to 20% in 1990.

The surge will be fed in part by new commercial inventory and in part by cost-per-thousand increases.

Given an estimated $1.4 billion in cable network ad sales in 1989, that would place comparable 1990 advertising revenues somewhere between $1.61 billion and $1.68 billion.

Large amounts of new inventory will result from new cable ventures, including the launch this month of HBO's 24-hour "Comedy Channel," the April 1, 1990 premiere of MTV Networks' 24-hour "Ha! The TV Comedy Network," the anticipated 1990 launch of a sports news channel and the start-up of several regional sports cable networks that will be selling national advertising time.

Cost-per-thousand increases will be all over the lot, with some networks planning to raise prices an average 7% to 15% and others such as ESPN saying they will boost prices as much as 30% for high-demand programming such as first-run, exclusive shows.

While the potential for re-regulation of the industry looms, executives say the most important trend of 1990 will be the continued proliferation of original cable programming, which has demonstrated its ability to deliver both large audiences and command hefty CPM rates.

"After lots of dreams and promises, cable programming is finally beginning to blossom," says Gerry Hogan, president of Turner Broadcasting System's Entertainment Networks, responsible for SuperStation WTBS and Turner Network Television.

At Turner Broadcasting, that translates into a commitment to produce 30 original movies in 1990, compared with 15 in 1989, and to beef up documentaries at WTBS. TNT will run two original programs each month in 1990, compared with one for most of 1989, and four original programs monthly by 1991.

Mr. Hogan says WTBS' ad revenue increase should stay in line with that of the industry: Its ad increase will be 20% to 25%, while upstart TNT should amass 40% to 50% ad volume gains.

For ESPN, the big news of 1990 is the addition of 175 Major League Baseball games to its schedule, along with related programming such as a daily 30-minute highlight show called "Baseball Tonight."

Although baseball ad sales have started out slowly, ultimately they could prove a windfall for ESPN, which is charging a substantially higher CPM for baseball than it did for the inventory being replaced.

Among the ad categories showing substantial new energy for 1990, Mr. Bonanni says, are automobiles, national retailers, oil, tires and fast-food.

(Continued on Page S-22)

PERSON TO WATCH

M.A. Michel

Gerry Hogan

Gerry Hogan faces one heck of a juggling act next year.

As president of Turner Broadcasting System's Entertainment Networks, he needs to revive the sagging fortunes of WTBS SuperStation while nourishing the rapidly rising star of Turner Network Television.

The 43-year-old executive admits advertisers have expressed considerable confusion over the distinctions between the networks.

"The first thing we have to do [in 1990] is identify clearly the missions of each network—both the real and the perceived," he says. "TBS has been getting lost in the publicity we got for TNT."

An 18-year veteran of TBS who rose through the sales ranks, Mr. Hogan is acclaimed by cable industry insiders for engineering the startup of TNT, the single largest cable launch in history.

His biggest challenge in heading Turner's cable network operations has been reading through thousands of scripts and "dealing with creative people . . . learning how to motivate and excite them," he says. "It's a spectacular moment in cable," he adds, referring to the flood of original programming on networks such as TBS and TNT.

"Now, as each week goes by, we take another piece out of the pie [network] broadcasters built."

As if he didn't have enough to do, Mr. Hogan recently became president as well of Turner Pictures, a new division that will produce films for Turner cable networks and for theatrical release.

—Judith Graham

BAROMETER

HOT

Menage a trois...Publishers, agencies and advertisers will link up in three-way marriages. Known as marketing partnerships, these are the latest evolution in the value-added program craze.

Expand your brand..."Operate what you got" is a key phrase for 1990 as media companies get back to basics and expand their franchises.

The Seven Brothers...Look for the launch of several general interest men's magazines. *Cook's* founder Christopher Kimball already has announced one, and media buyers are expecting many more to jump on the manwagon.

Multi-madness...Multi-fill-in-the-blank deals will come into their own. "Multi" is what's causing advertisers to foam at the mouth: Multi-title, multi-media, multi-national packages are multi-hot, hot, hot.

The price is right...Free and controlled circulation magazines, with their ability to reach narrowly defined target audiences at a price at which no subscriber can say "no," will benefit from the popularity of niche publications. They should finally shake their second-citizen status and gain some respect from advertisers.

Channeling...Chris Whittle: 'Nuff said.

Greenpiece...Publishers try to get a piece of the environmental movement with such magazines as *Garbage, E, Buzzworm*. Hot next year, but the books may end up in the dumpster if environmental fervor unexpectedly ages.

Talk to me, baby...Texas Instruments and Absolut vodka ads have more to say than the average magazine ad, and "plain" advertisers gripe about being overshadowed by them. The pop-up ad craze a couple years back indicates talkies will have a couple years before they lose their voice —unless publishers take too much heat from core advertisers.

Rolling it in...The cigarettes/tobacco/accessories category leaped 29.5% in first six months of 1989, the largest year-to-year increase among magazines' top 10 ad categories, according to Publishers Information Bureau.

Hot off the doorknob...Publishers, eyeing another 18% postage rate hike by '91, are scurrying to develop alternate delivery systems.

COLD

Discontieg discounting...Strict rate negotiation is passe. Quality editorial and meaningful marketing partnerships are in.

Picky eaters...The feeding frenzy of major publishers should end. Look for less mindless mega-merger and acquisition activity, and more careful, well-planned joint ventures and hook-ups.

Big brother...While the entrepre-

(Continued on Page S-22)

The buyers' perspective

Only the 'smart' survive

By Scott Donaton

If magazine publishers don't start coming to media b yers with "smarter" rate cards, the pressure to negotiate rates off-the-card could escalate to an all-time high next year, say media buyers.

And "smarter" to media buyers means keeping rate increases lean, adjusting only for inflation—hardly good news to publishers.

"I'm not aware of any reasons publishers could give for big hikes," says John Gray, senior VP-director of media planning, J. Walter Thompson USA, New York. "They'll probably ask for larger increases than they'll end up getting, though. They know they have to negotiate downward, which has never been acceptable to them.

"If they ask for increases in the 7% to 8% range, there will be a lot of resistance from media buyers," he says. Mr. Gray, like most agency executives, expects consumer magazine rate hikes of 5% to 7% in 1990.

Unlike last year, no major postage or paper hikes are expected, and publishers would be hard-pressed to justify more than inflationary rate increases, they say. Yet, agency executives predict some publishers will raise their rates as high as 8% to 12%, expecting to negotiate downward.

That padding strategy, which many publishers believe makes them seem more efficient in the buyers' eyes, actually could backfire. "We're like a greedy animal. The more [publishers are] willing to come to us with a flat rate and negotiate, the more they'll encourage us," says Scot Butler, media director at Fallon McElligott, Minneapolis.

Mr. Butler suggests magazines make their rate cards "smarter. Make the rate more intelligent before you come to us. I find it hard to be sympathetic to magazines in this world of rate cutting."

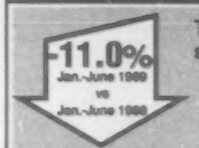
Fear among publishers is that rate negotiation reduces all magazines to a common denominator based on quantitative rather than qualitative factors. "Baloney," suggests Nancy Smith, senior VP-director of media services at Young & Rubicám, New York. "Negotiations will not cause magazines to become commodities. It does not suggest that all products have the same value."

Ironically, buyers say magazines that resist rate negotiation risk being viewed as commodities: "There is some degree of substitutability. Where there's an opportunity to strike a better deal with a competing publication, we'll go for it," says Mr. Gray.

Agency executives also are seeking to increase their involvement in marketing partnerships with their clients and the media.

(Continued on Page S-22)

Leading brands spurn magazine ad trend



Top 15 brands plunge 11% in first half '89 ad spending as rest of category rises 13.3%.

Top 15 magazine advertisers	Jan.-June 1989 ($mils)	% change Jan.-June 1989 vs Jan.-June 1988	full year 1988 ($mils)
CBS Television Network	$15.8	17.0%	$30.1
Merit Filter King Cigarettes	14.0	118.8	20.1
NBC Television Network	13.3	13.7	24.0
AT&T Long Distance Lines	13.1	151.9	14.9
ABC Television Network	12.9	(8.5)	26.1
Franklin Mint Porcelain Collection	11.5	0.9	21.8
AT&T Long Lines Overseas	9.2	41.5	15.0
Franklin Mint Collections	9.8	(1.1)	15.7
Now Filter 100s Cigarettes	6.8	(17.1)	16.7
Columbia Rds/CBS CD Club	6.4	25.5	13.0
Time-Life Books	6.2	(26.2)	13.9
De Beers Diamonds	6.1	(20.8)	19.4
Benson & Hedges 100s Lg Fl	1.7	(90.1)	22.9
Marlboro Lt. King Clt Mn FL	0.9	(93.7)	18.0
AT&T Co. General Promotion	0.5	(88.4)	13.0
Total	127.2	(11.9)	284.6

Top 15 brands selected by 1988 total spending, but ranked by 1st half 1989 spending.
Source: LNA/Arbitron Advertising Age graphic: John Holland/Holly Segulno

The sellers' perspective

Longing looks at the rate card

Convinced that quality editorial and strong marketing partnerships will unite to defeat rate-cutting pressures, magazine publishers say they are turning an optimistic eye toward 1990.

But their long faces tell a different story.

Ad revenues alone seemingly point to a bonanza among consumer magazines. Advertising reached $4.6 billion through the first three quarters—up 12% over the same period in 1988 and on pace to easily surpass the $5.9 billion spent in magazines in 1988. And next year looks even better, publishers say.

Yet, beneath these tallies, calculated at rate-card prices, surfaces *the* dark question: What are the real figures given publishers' tendency to negotiate at less-than-published rates?

The fact is agency executives are far from ready to ease negotiation pressure. The magazine industry, while healthy and growing, still has a fight on its hands.

That pressure has led publishers to reexamine their editorial product and to put together creative ad packages.

Time Inc. Magazine Co. officials say the division's 2-year-old corporate Max Plan discount program has pulled greater advertising into its publications, particularly the weeklies. Under the Max Plan, advertisers earned credits toward bonus space if they increased their share of their media budget devoted to Time Inc. magazines.

Conde Nast Publications, which has resisted pressure to discount rates on or off its rate card, will introduce "Conde Nast Package of Women" next year. The program awards discounts to advertisers who buy space in any four or five of the company's women's magazines.

Times Mirror Magazines also launched a new $1 million trade campaign from FCB/Leber Katz Partners, promoting its package of special-interest men's magazines.

Other companies such as Time Warner and Meredith Corp. are developing multi-media and multi-national deals for advertisers, hoping value-added programs will convince agency executives to stop focusing on rates.

"Rate negotiation and heavy discounting of magazine ad space threatens to commoditize advertising and reduce magazine profits," says Donald Kummerfeld, president of Magazine Publishers of America. "We must resist this trend and focus our sales efforts on why magazines are unique."

Magazine sellers must prevent buyers from judging their properties as essentially being the same, says George Green, president, Hearst Magazines International. "I think we'll get advertisers to recognize that they only get what they pay for."

For 1990, many publishers are reaching for rate increases somewhere in the 5% to 7% range, down from 1988's average 8%-plus increases. They insist their costs are rising and that they're still paying for last year's high paper and postal hikes.

But many publishers, recognizing that major rate increases will only invite more pressure to nego-

(Continued on Page S-22)

PERSON TO WATCH

When Thomas O. Ryder took over as president of American Express Publishing Corp. in 1984, it was perhaps the least respected or developed division within its parent company.

Since then—particularly in recent months—the former CBS Magazines senior VP has beefed up the unit through acquisitions at a time when most major magazine companies are concentrating on expanding their core franchises.

"We are building a structure to support a much larger magazine company . . . publishing between 10 and 20 magazines within five years," Mr. Ryder says.

Not bad for a company whose only purpose not so long ago was to publish a giveaway publication for American Express cardholders. That magazine was *Travel & Leisure*, which became

Doug Goodman

Thomas O. Ryder

the leading travel magazine in both circulation and ad pages under the guidance of Pamela Fiori, recently named the company's first editorial director by Mr. Ryder.

In September, the company took on responsibility for *Departures*, a magazine for American Express Platinum Card holders, and relaunched it with a new look and focus. Last month, it acquired *Atlanta* from MetroCorp.

American Express, which also publishes *L.A. Style, New York Woman* and *Food & Wine*, will actively pursue city magazine acquisitions in 1990 while examining launches, possibly of city magazines or in categories not now covered by its stable of titles.

"We're interested in quality metropolitan magazines in major markets; we'll put together packages where they make sense," he says.

Mr. Ryder says his goal is to offer advertisers a wide menu to choose from, sensible group buys and a presence in the top markets. He predicts that through expansion and nurturing his titles into the top magazines in their fields, he can raise the publishing group's revenues from a projected $135 million in 1989 to more than $500 million in five years.

—Scott Donaton

Radio

BAROMETER

HOT

Call it CHurban radio... The mix of R&B hits and contemporary hit radio announcers is bridging all ethnic gaps and creating crossover profits for FMs trying to reach that ever elusive 18 to 34 male and female demo.

Learning from PBS... Advertisers are turning to programming sponsorship and tie-ins and away from sole reliance on traditional 30-second spots. The thought is that if a popular announcer on a popular program sells a product, audiences will find the message more credible.

Divine intervention?... Some prayers have been answered and network radio is a hot commodity again as advertisers realize TV means big bucks and cable means no national reach.

Therefore, it logically follows... Spot is hot. For the reasons just mentioned why network is hot—and with network radio time increasingly sold out—advertisers are turning to spot as a way to move those unsightly products before the new ones arrive.

Bickering over Bach... Los Angeles citizens' group, riled by KKBT-FM's format switch from classical to contemporary hit radio, petitions the FCC to revoke KKBT's license. The squabble started when Evergreen Communications bought the station for 22 times cash flow—typical sale is 10 times—only to opt for the Bee Gees.

Getting what ya pay for..."Zookeeper" Scott Shannon, the irreverent disk jockey, was lured from WHTZ-FM, NY, to KQLZ-FM, LA, for $2 million earlier this year. KQLZ's market share has since climbed from 13th to 4th.

Spanning the nation... Two major Spanish-language radio station groups—Viva America Media Group and Radio Nacional—just formed by combining leading stations in different markets. Their purpose is to boost the medium's profile among advertisers and agencies—and jack up rates in the process.

All you ever wanted—and more... Demographic fine-tuning is hitting its stride. Examples abound: all-business radio pioneered in Los Angeles by KMNY-AM; all-sports WFAN-AM in New York; all-Asian music format by KAZN-AM in Los Angeles; all-black talk station WVON-AM in Chicago; all-self-help station WWNN-AM in Pompano Beach, Fla.

COLD

The dark ages...AM radio—moving from cold to virtually Neanderthal—is losing advertisers, audience and panache. The reason: poor fidelity (and we're not talking only about reception quality).

Entering old age... The New Age for-

(Continued on Page S-23)

The buyers' perspective

Second ad tier changes gears

By Anne Moncreiff Arrarte

Radio sellers like nothing better than to see TV costs-per-thousand escalate. Higher TV rates mean more advertisers will turn to radio, particularly medium-sized clients that cannot afford "big-splash" TV buys, sellers theorize.

And theory is translating into reality, radio buyers claim.

"We're using radio very actively now, often as an overlay with network television," says Robert Hielscher, senior partner at Tatham-Laird & Kudner, Chicago, which represents Miles Inc.'s One-A-Day and Flintstones vitamins. "We're putting a couple of million [dollars] per brand in radio because radio is very effective in extending our reach to light television viewers."

Buyers also note consistent spending from radio's traditional advertisers. Packages that include value-added promotional tie-ins and "reasonable" rate increases also portend well for the medium, they say.

In fact, radio is riding into 1990 on the heels of a strong 1989 performance for spot, national and local radio.

Through the first eight months of the year, advertising revenues on network radio had grown 10.6%, spot 11.3% and local 7.9% compared with the similar period in 1988, according to the Radio Advertising Bureau. The bureau is revising its full-year estimates to reflect the higher-than expected results.

"The medium-size accounts definitely will be doing more in radio this coming year," says Jill Gordon, VP-network group director for DDB Needham Worldwide, New York, which handles radio buys for Volkswagen of America and many of Campbell Soup Co.'s food lines.

"Ore-Ida Foods will be going in new—as a tie-in with television—and Campbell and Volkwagen radio budgets are going up. On an agency level, we'll be up 10% if not more."

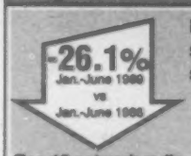
A dramatic increase in scatter buys—flights usually bought for three to four weeks—explains a lot of radio's 1989 success, says Mark Kaline, senior VP, media manager broadcast planning for Chevrolet at Lintas:Campbell-Ewald, Warren, Mich.

He attributes the heavy scatter largely to automakers trying to move inventories with incentive advertising at mid-year, and the hotel industry trying to emulate Motel 6's success with the medium. Similarly, Sears, Roebuck & Co. has been a heavy scatter buyer in pushing its Discover credit card and "everyday low pricing" policy launched after the upfront season.

Upfront has been extremely strong in 1990—time on most net-

(Continued on Page S-23)

Top 15 bail out of network radio



Network radio's leading brands slice ad spending 26.1% in first half '89 as medium struggles with 1% gain.

Top 15 network radio advertisers	Jan.-June 1989 ($mils)	% change Jan.-June 1989 vs Jan.-June 1988	full year 1988 ($mils)
Motel 6 Motels	$8.8	12.8%	$11.5
Sears, Roebuck & Co. (HH)	8.1	30.6	14.0
Discover Credit Card Service	7.4	39.6	14.4
True Value Stores (Misc)	7.4	(1.3)	18.3
Folgers Regular Coffee	4.2	100.0	6.0
Sears, Roebuck & Co. (Misc)	3.5	(42.6)	12.5
K mart Stores Sport/Toy/Hobby	3.1	(16.2)	8.8
AT&T Long Distance Lines	2.8	(48.1)	10.0
US Army Recruiting Svc	2.8	(15.2)	6.5
Wall Street Journal Subs	2.4	(38.5)	9.3
Buick Regal	1.8	(68.4)	7.6
Budweiser Beer	1.6	(54.3)	7.0
Telediso USA Records & Tapes	1.2	(78.9)	8.6
Allstate Homeowners Insurance	0.3	(92.7)	6.7
TV Guide Magazine Subs	0.0	(100.0)	9.5
Total	**55.4**	**(26.1)**	**150.7**

Top 15 brands selected by 1988 total spending, but ranked by 1st half 1989 spending.
Source: LNA/Arbitron Advertising Age graphic: John Holland/Holly Seguine

The sellers' perspective

Tie-ins sounding sweeter than ever

Radio has caught the same fever as other media: value-added madness.

Whether manifested through special programs, tour sponsorships or other tie-ins, value-added programs are helping radio reverse the nightmarish growth picture of two years ago and causing radio sellers to project double-digit growth in 1990.

ABC Radio Network, radio's largest network, this year opened a Tour Sponsorshop department, hooking into the Rolling Stones Steel Wheels tour on its maiden effort. ABC tour updates on affiliates across the country have included the standard on-air and signage packages and parties for clients in major cities on the tour.

The network never imagined the tour could be such a success, says Louis Severine, senior VP-director of sales, adding the sponsorship has resulted in a stronger affiliate base.

On schedule for 1990 is a Tour Mall 1990 promotion with Dick Clark and American Bandstand.

Westwood One's 3½-year-old Tour division and the recently formed Music Marketing division offer packages that include sponsorship, affiliated station events and tie-ins, venue signage and handouts. "Next year a lot of advertisers will sponsor long-form programs," says William Battison, president-chief financial officer. "We are dedicated to helping our advertisers get more for their money."

Along with value-added offerings has come a more aggressive sales stance as networks and individual stations are emphasizing strong research that clearly defines their listening audience.

That, says Steve Youlious, VP-sales, CBS Radio Network, has brought a lot of confidence to the medium.

"We're spending almost as much on qualitative consumer research as on advertiser promotion, and that is new," says Skip Finley, president-ceo of Albimar Communications, which owns KDAB-FM in Salt Lake City and WKYS-FM, Washington. WKYS also has added sales innovations including the advertising-directed KYS Connection, a phone number listeners can dial for headline news, cultural calendar and soap opera update, all of which are sandwiched between advertisers' spots.

More advertisers are turning to radio to bolster exposure levels for their ad messages, say radio sellers. Because TV clutter affects commercial exposure, more cli-

(Continued on Page S-23)

PERSON TO WATCH

Doug Goodman

E.J. "Jay" Williams

In only a year at the helm of Sheridan Broadcasting Network, the top black-owned radio network, President E.J. "Jay" Williams has become adept at overselling.

"That is what it takes to introduce advertisers to the $250 billion black market," says Mr. Williams, who came to his new post from the research department armed with "just about every legitimate concrete source I could find."

Mr. Williams has helped expand Sheridan's audience in the urban radio market 40% and its client base 50% largely through the launching of two more tandem networks—STRZ Entertainment Network and SPM Radio Network.

"But we also remind buyers that the black consumer market is part of a bigger market, and they buy us because our penetration delivers," he says.

Sheridan listeners are 78% black, although non-black listenership is on the rise. Programming on the new networks reflects this premeditated push toward cultural diversity.

On STRZ, Anne Lineberger holds court daily with a "Money Smarts" personal finance show. Franco Harris, former running back with the Pittsburgh Steelers, hosts "NFL Playbook," a daily five-minute show carried not only on urban black radio, but many country western stations.

SPM Radio Network, a joint venture with Starstream Communications, is currently producing "Exitos Calientes" (Hot Hits), which will offer a mix of Tejano, Mexican and current Latin hits.

Programming has been combined with market-driven ad packages such as a Chevrolet promotion tied to black college homecomings.

While Sheridan remains well grounded in urban radio's largely black audience, Mr. Williams' vision is decidedly cross-cultural. Next up is a sports network at Sheridan.

—Anne Moncreiff Arrarte

BAROMETER

HOT

Al Neuharth's revenge...Everybody's doing color a la *USA Today*. The *L.A. Times* just did it. The old gray lady of journalism, the *New York Times*, plans on adding color.

Where's the rub?...Yeech. Wash those hands. The *Chicago Tribune* and others are trying new inks that don't rub off.

Will we still get Christmas calendars?...Say goodbye to Junior, who faithfully tossed your newspapers on the front porch—or through your screen door. Say hello to adults in minivans, contract carriers who computerize home-delivery billing.

Mom always liked you best...Family-run newspaper chains are fading in favor of manager-led operations.

Advocating the mail...ADVO blankets Denver with Safeway ads that once ran in the newspaper. Is the saturation advertiser coming to your neighborhood, too? Newspapers are watching out.

The three kings...Valassis Inserts, Product Movers and Quad Graphics racked up $241.7 million in advertising in first half 1989, virtually all in Sunday papers at the expense of daily ROP ads. The tally gave the big three 5.8% of all national newspaper advertising.

Lining up on the West Coast...California's *Orange County Register*, *Los Angeles Times* and *San Jose Mercury News* finished Nos. 1-2-3 in the U.S., respectively, in total standard advertising units last year.

Thinking big...Going national is the latest hot button in newspapers. All eyes will be on *The National*, the aptly named sports daily that enters the picture next year.

Joint operating ecstasy...The six papers in Las Vegas, York, Pa., and San Mateo, Calif., waiting to hear about joint operating agreements show that when the going gets tough, team up.

COLD

Joint operating agony...It took almost four years and Supreme Court involvement for the Detroit JOA to be approved. Meanwhile, weakling newspapers are hemorrhaging while the Justice Department contemplates.

Soaring...Sears, Roebuck & Co.—the largest national newspaper advertiser—pulls back and sends its budget to broadcast advertising.

Our children, their future...Hey, kids, can you tear yourself away from the TV screen to read the newspaper? Nah. Young people continue to forsake newspapers in droves.

There's no money in it...Financial advertising falters. The October 1987 stock market crash started the downward slide, which picked up momentum after the market's repeat performance this fall. □

The buyers' perspective

'Let's haggle about that price'

By Janet Meyers

Events in the newspaper industry will bolster the axiom, "What goes up, must come down."

Advertisers and media buyers estimate newspaper ad rates will rise 5% to 6% in 1990. But they also see a dramatic increase in negotiation and newly created discounted rate packages.

Dealing off the rate card may not be enough to reverse the medium's fortunes, as most buyers are not sanguine about newspapers' health. They expect newspaper circulation in 1990 to continue its slow, steady decline. And they hope newspapers haven't awakened too late to the need to develop more sophisticated sales techniques.

Negotiations will center on discounts for frequency, zoning and newly created ad categories.

Bob Mitchell, senior VP-director of local media for Lintas: Campbell-Ewald, Warren, Mich., is predicting a 6% rate increase for 1990, but says he will negotiate for additional special rates.

In 1989, he negotiated rate reductions by convincing newspapers to add a travel sub-category (for national advertisers) at rates lower than national levels. This amounted to an off-the-rate card buy couched in new terminology for clients such as Eastern Airlines and Princess Cruises.

Sub-categories may just be another way to get more business today through discounting, but Joe Lafferty, chairman of Branham Newspaper Sales, predicts that national not only will splinter into categories in the next decade, but that rates will vary by season.

"We're going to put additional pressure" on negotiating lower rates, says Mr. Mitchell. "We're looking at new options within the newspaper category, such as zoning or repeat space buys to make it less expensive."

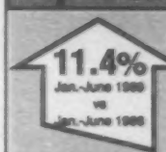
Many advertisers expect to devote the same or slightly less of their 1990 total media budget to newspapers. Charles Jacoby, national advertising director at Silo, an electronics chain that will spend about $50 million in newspapers this year, says his company's newspaper budget will increase in proportion to the retailer's expansion.

Auto marketers will continue to devote significant chunks of their budgets to newspapers, unless there's a trend back to image advertising, believes Mr. Mitchell. Their current emphasis on rebates and interest-rate deals demands detailed explanations more easily implemented in print than broadcast.

Karen Ritchie, senior VP-director of media, McCann-Erickson Detroit, says newspaper buys in 1990 will be flat or slightly down.

(Continued on Page S-24)

Top 15 outstrip newspaper growth



Leading brands sprint 11.4% in first half '89 ad spending, leaving medium to plod at 2.7%.

	Jan.-June 1989 ($mils)	% change Jan.-June 1989 vs Jan.-June 1988	full year 1988 ($mils)
Top 15 newspaper advertisers			
Ford Local Dealers	$27.0	26.2%	$46.1
American Airlines Passenger	25.6	86.9	27.5
Macy's (Household)	25.6	3.6	55.2
Pan Am Airlines Passenger	23.5	32.8	28.5
Continental Air Lines Passenger	23.0	5.0	41.3
Chevrolet Local Dealers	22.7	30.5	38.2
Eastern Air Lines Passenger	20.7	22.5	40.3
Sears, Roebuck & Co. (Misc)	20.4	6.8	45.5
Circuit City Electronic Stores	17.1	22.1	29.7
Sears, Roebuck & Co. (HH)	16.4	(7.9)	45.5
TWA Airlines Passenger	15.8	(9.7)	27.8
Automobile Tires Local Dealers	15.6	(8.2)	28.9
Delta Air Lines Passenger	13.9	(5.4)	25.2
Mervyns (Misc)	10.5	(19.8)	25.2
Macy's Apparel Women	10.4	(11.1)	27.2
Total	288.2	11.4	531.9

Top 15 brands selected by 1988 total spending, but ranked by 1st half 1989 spending.
Source: LNA/Arbitron Advertising Age graphic: John Heilandt/Kelly Seguine

The sellers' perspective

Manageable costs, more frills

Newspaper ad executives are braced for 1990 to be a mirror-image of 1989: a tough battle to increase advertising revenue and pages.

The one known bright spot is a decrease in newsprint prices, providing a savings that may be passed along to advertisers or at least result in lower rate increases.

Newspapers will redouble efforts to attract smaller advertisers. They also will offer lower rates for preprinted inserts, because they continue to lose business to ADVO-Systems Inc. and other saturation mailers. Rate cards also will be more flexible, changing over the course of the year.

At the Milwaukee *Journal* and *Sentinel*, ad rates will increase 6% next year, compared with a 7% hike in 1989, says Journal Co. VP-Advertising Beverly Klein. The *Journal* and *Sentinel* will offer a multiple insertion discount to those who buy several weekly pages, targeting smaller retailers that don't qualify for large volume discounts but could be enticed to advertise more frequently.

Fred Crisp, VP-sales and marketing for the Raleigh, N.C., *News & Observer*, says the paper will continue to woo smaller advertisers through cheaper zoned additions, often just a single, preprinted sheet inserted into the regular paper.

"That's an area that's pretty lucrative—or can be," says Mr. Crisp. "Once you get those advertisers in, they become regular customers."

Some newspapers won't increase ad rates for preprinted inserts to win back business from direct mail. Department stores in particular have shifted money from newspapers into catalogs mailed to their credit-card lists.

For example, the *St. Petersburg (Fla.) Times* will raise ad rates 5.5% next year, but hold to 1989 rates for preprints, says Al Corey, *Times* advertising director.

The paper also is developing new marketing products, targeting either a segment of the population or a geographic area.

This year the newspaper launched "Seniority," a quarterly tabloid section for mature readers, a large portion of the St. Petersburg market. The section will increase its frequency this year and eventually become monthly, Mr. Corey says. The *Times* also is targeting tourists by pairing its weekly TV section with a Tampa/St. Petersburg hotel guide.

Mr. Corey predicts 1990 will show modest gains in advertising—more modest than in the past few years. "We're having a nice year [this year], but not a great year," he says.

Dennis Atkin, VP-advertising *Long Beach (Calif.) Press-Telegram*, says daily ad rates will increase comparable to previous years, 5% to 6%. Sunday rates will rise 7% to 8% because of circulation gains, he says. In September the *Press-Telegram*—combined with the *Torrance Daily Breeze*—launched a new national package buy, dubbed the "Coastal Combo," which offers 260,000 daily circulation in Los Angeles County.

For 1990, Mr. Atkin expects "small, real growth in volume and a fairly decent year for revenue." Volume has been flat in 1989, he says, while revenue has grown slightly.

Part of newspapers' problem has been a softening in classified advertising after double-digit increases in each of the last three

(Continued on Page S-24)

PERSON TO WATCH

As publisher of the *St. Louis Post-Dispatch*, Nicholas Penniman IV has his work cut out for him.

Not only is St. Louis "not the most ebullient of economies" as he dryly points out, but the *P-D* faces competition from the nation's first new mass-market urban daily in years. Ingersoll Publications' *St. Louis Sun* began publishing in September and went straight for the *P-D's* advertisers and readers.

While the *P-D's* circulation has increased in recent months, advertising is down. The *P-D* has lost one advertiser, Coldwell Banker, to the *Sun*.

But equally prominent on the worry list of 51-year-old Mr. Penniman is encroachment from direct marketers, who have eaten away at the paper's lucrative preprinted insert business. Mr. Penniman doubled the volume of inserts in recent weeks after slashing preprinted prices 45% on the paper's Wednesday total market coverage section.

Next year, Mr. Penniman says he will fight back on all fronts with a modest overall advertising rate increase of 2% to 3%, down from the average hike of 5% in 1989.

He also promises to take on the *Sun* with his paper's most extensive promotion ever. A TV campaign via newly assigned D'Arcy Masius Benton & Bowles breaks early next year.

Nicholas Penniman IV

He also plans to continue to tinker with the paper's editorial; its sports, features and business sections were expanded last August.

Also as senior VP-newspaper operations for Pulitzer Publishing Co., Mr. Penniman oversees the *Tucson Star* and suburban Chicago papers.

—*Janet Meyers*

The sellers' perspective

Forced to fish in new waters

Outdoor Advertising

By Alison Fahey

Outdoor is slowly emerging from an identity crisis suffered three years ago when liquor and tobacco, its two mainstay ad categories, slashed their outdoor spending and shattered the medium's sense of security.

National outdoor revenues, which slipped 2% to $600 million in 1986, has recorded only 2% annual growth since, according to Robert J. Coen, McCann-Erickson.

By mid-year 1989, national had managed only an 0.9% gain over the same period in 1988—a stark reminder of what can happen to a business that operates from a narrow base.

Shaken by these events, outdoor companies have adopted a more marketing-oriented approach to selling the medium. The end result, according to Mr. Coen, has been 6.3% growth in local outdoor in 1988 vs. 1987, generated partly by an expanding client base.

"We should have been doing it all along," laments Joe Cherry, national sales manager, Naegele Outdoor. "The big bucks rolling in from tobacco companies gave the industry a false sense of security."

Yet sellers remain anxious, and for good reason.

At presstime, neither R.J. Reynolds Tobacco Co. nor Brown & Williamson Tobacco Corp. had made major commitments for 1990. Observers can't remember a time when such buys were so tardy. B&W is planning select buys, and RJR says it remains in a planning mode. As a result, many avails are open for 1990.

"It is obvious the mega-mergers and acquisitions are hurting our industry as well as others," says Mr. Cherry, referring to last year's buyout of RJR/Nabisco and the current attempt by Sir James Goldsmith to take over B.A.T. Industries PLC, parent of B&W.

Despite this unknown quantity, outdoor players are expecting growth of 6% to 8%—the uptick expected to come from new business—on moderate price increases of 4% to 6%.

Off-rate-card negotiations, which may be more prevalent in 1990 than this year, could negate some of that increase.

Outdoor companies have started to aggressively target the package goods, retail, financial institutions and healthcare categories. Abetting the industry's cause is the declining reach of TV and newspapers.

"We'll continue to see the power shift from advertisers to retailers and more and more programs that have importance on the local level," says James Keller, divisional VP-marketing, Gannett

(Continued on Page S-24)

BAROMETER

HOT

Traveling in packs... Look for multi media out-of-home ad package that combine outdoor boards, bu and subway advertising and in store media.

Strength in numbers... Merging of th Out-of-Home Measurement Bu reau and Traffic Audit Burea should put to rest infightin among the various types of out door media and give agencies re search they can hang a board on.

Jose Canseco's next medium...1-80 and 1-900 telephone numbers fea tured on outdoor boards are ring ing up big gains for direct-re sponse advertisers such a Johnnie Walker scotch an American Express Co.

The war in the store... As marketer try to get their messages eve closer to consumers at point-o purchase, look for new in-stor media to POP up and fill the needs. The problem is too man players will jump in, and som will have to drop out.

Really, cost is no object... As mar keters increasingly target ethni groups, they are being drawn t eight-sheets, typically located i inner cities where ethnic group are concentrated. The fact tha they're less expensive isn't hur ing their popularity.

That high-tech touch... More uses o three-dimensional, fiber optic an computer painting technology ar on the horizon.

COLD

Dry out... Liquor marketers ar cutting back on outdoor a spending and the medium i thirsty for its old standby.

Burn out... Tobacco spending isn going to be so hot, either.

Buy out... The experiences at Pr trick Media have been enough t discourage outdoor companie from seeking highly-leveraged ac quisitions. But they will continu to look at more logical acquis tions that extend their range i the broadening out-of-home cat gory such as picking up in-sto media companies.

Blow-ups out... Outdoor creativi has come into its own. Gone a the days when the industry simp blows up existing print ads to u for outdoor boards. □

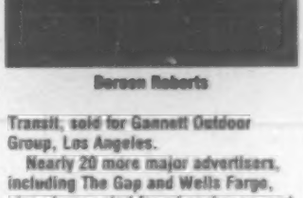
PERSON TO WATCH

Doreen Roberts has a driving passion for her favorite medium.

Ms. Roberts, VP-general sales manager of Gannett Transit, has convinced advertisers to look at out-of-home as ad packages that can include outdoor boards, subway posters and bus shelter advertising.

This new way of selling outdoor was part of the reason Gannett Outdoor purchased New York Subway Advertising in 1988. And the 36-year-old Ms. Roberts first put the concept into practice in November 1988 with Acapulco Restaurants, a company that had refused several previous Gannett proposals for traditional out-of-home placements.

"I said, 'Just give me one more chance . . . I came up with a package and they bought it,' " says Ms. Roberts, who before joining Gannett Transit, sold for Gannett Outdoor Group, Los Angeles.



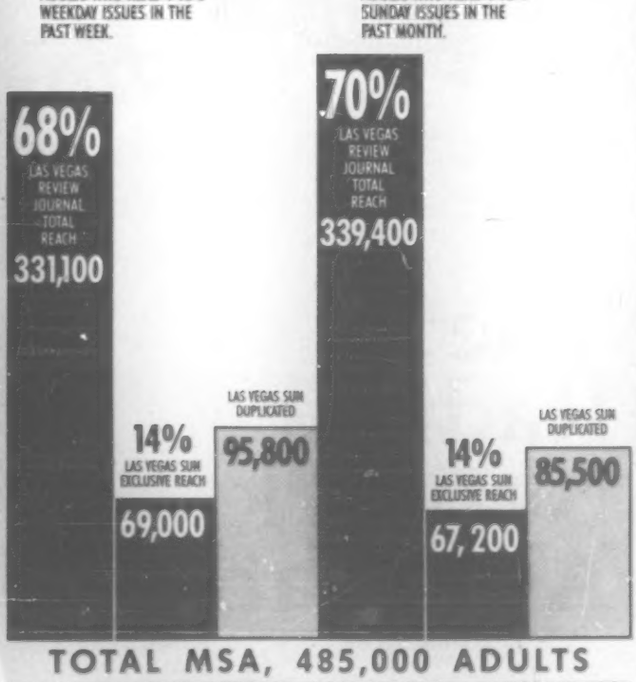
Doreen Roberts

Nearly 20 more major advertisers, including The Gap and Wells Fargo, since have opted for ad packages, and renewals have been strong, she says.

Such multiple deals are expected to become 20% of Gannett Transit business in 1990. Ms. Roberts predicts they'll become the norm at Gannett.

—Alison Fahey

WEEKDAY & SUNDAY REACH



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The buyers' perspective

Talk cheap, but marketers still flock to net TV first

By Wayne Walley

Marketers and media directors say money previously earmarked for promotions is starting to flow back into advertising budgets for 1990. And they're not exactly elated that the chief beneficiary will be broadcast TV.

By increasing demand for network, syndication and spot TV, the advertisers are helping create a robust seller's market with price increases outpacing inflation.

"When you are in a supply-and-demand business, why sell something at a 6% increase if people will pay 12%," Bill Croasdale, senior VP-director of national broadcast, Backer Spielvogel Bates, New York, said when network prices soared last summer.

As a result, media buyers wonder if the trend could have long-term detrimental implications.

"Our clients are strong devotees of network; it is an essential commodity," says Richard Kostyra, exec VP-director of U.S. media services, J. Walter Thompson USA, New York. "But it's almost a love-hate relationship. As soon as there is an alternative, it will be difficult to withhold a client from eagerly going after it."

While many marketers talk about shifting money from network to other media including cable TV, "unwired" networks, barter syndication, radio and print, those same advertisers are buying huge chunks of network time.

In the automotive category, for example, more than 40 brands compete for market share. A company has little choice but to use network TV.

Agency executives concede that despite eroding audiences, network TV offers enormous reach compared with its competitors.

"As long as national broadcast is out there, you have to be there to move your product or sell your services. It's that simple," says a chagrined media buyer.

"When you look at network TV, the question is why is it sold out to the extent that it is," says Douglas Seay, VP-director of broadcast programming, Hal Riney & Partners, New York. "Ratings continue to dwindle. Alternatives are available. Syndication is healthy and doing well. 'Star Trek' is like a network show. 'Entertainment Tonight' is like a network show. They even deliver some demographics better.

"But there is some cachet about network programming that makes it attractive to advertisers over and above its value," he says, adding visibility, not price, is sometimes more important. "You can tell a client you're running 500 gross rating points a week, but he only understands that intellectually. If his kid comes home and says three classmates saw the commercial, that's much better."

The networks will continue to be the core of most major advertisers' media plans because high-reach, high-profile mass communication builds brand awareness, says Mr. Kostyra. "Niche vehicles are then used to augment, not replace, the mass media buy."

Bargains, budget and need can downplay network. When bargains are available in syndication or spot TV, Chuck Bachrach, exec VP-director of network at Western International Media, Los Angeles, says he is quick to shift monies from network.

Other traditional network users for various reasons are allocating larger budgets to network competitors. Chrysler Motors will spend about 70% of its estimated $50 million budget on print for 1990 model-year advertising for Chrysler brand, up from 40% last year.

Other advertisers just want a cheaper alternative. Campbell Soup Co. will likely emphasize network radio, in-store advertising and cable and syndication in the future at network TV's expense, says George Marhlig, Campbell's director of media services.

But even though food companies are especially concerned when media prices climb faster than the consumer price index, he says Campbell cannot afford to completely ignore network TV.

Generally, most agency executives expect "healthy" TV spending in 1990.

"Beyond that, I don't know," says Joe Ostrow, exec VP-corporate director of media, Foote, Cone & Belding, New York. "There's more aggressiveness from competitors."

But fractionalization of media has forced the major media to work harder to service advertisers and prove value.

Many applaud the new network willingness to try new things such as the CBS/K mart Corp. fall season promotion and NBC/Sears, Roebuck & Co. sweepstakes.

An emphasis on working with advertisers—marketing the TV media instead of selling time—is helping syndication and spot TV.

"Taking advantage of the tie-ins now offered is only the tip of the iceberg," says Mr. Ostrow. "If the networks are sold, spending does shift to cable, syndication and spot. But in syndication there are a couple of shows that do great and a lot of other stuff that has inadequate performance. Spot is mercurial. But these other things help."

The future step, some believe, is the end of distinctions between different TV media.

"We'd like to see the advertising industry as a whole . . . begin to think in broader terms about electronic media instead of thinking about network TV and syndicated TV and VCRs separately," said Louis Schultz, exec VP, director of media services for Lintas:USA in a speech earlier this year.

"I'd like to see us thinking of them as one wonderful menu . . . that gives us new and exciting ways to reach our potential customers in the 1990s and beyond." □

To cover Houston, split your buy between the two biggest newspapers:

Golden age

(Continued from Page S-1)

buyers that they got the value."

CBS also was more than pleased with its "Get Ready Giveaway" promotion with K mart Corp. CBS executives say the promotion, coupled with the network's fall ad campaign, helped significantly increase ratings for the new shows vs. 1988 premieres.

George Schweitzer, senior VP-communications for CBS Broadcast Group, says several marketers are likely to join the network in future cross-promotions including programs as large or on a smaller scale as the K mart deal in 1990.

"We're just getting involved with tie-ins, joint ventures, promotions, merchandising and marketing," says NBC's Mr. Hoffner, referring to NBC's fall sweepstakes promotion with Sears, Roebuck & Co.

While the networks are gaining confidence for the 1990s, syndicators believe the next decade will bring parity with the networks.

"Syndication has some of the most popular shows in almost every daypart and we've demonstrated that we can reach the audiences advertisers need," says George Back, Advertiser Syndicated Television Association president and president of All-American Television. "We're a big part of the change that's going on in television."

Advertisers are beginning to realize there has to be a blurring of the distinction between network and syndication, says Marc Hirsch, president, Premier Advertiser Sales. "The viewers don't know one from the other, they just know it's a program they want to watch.

"It was a terrific year for network and the same is happening for syndication," he says, adding that the gap is closing between network and syndication rates in some time-periods such as late night and on some specific properties. " 'Arsenio Hall' is commanding more money out of the market than 'Pat Sajak,' " Mr. Hirsch says.

He expects male-oriented and dual-audience programs to help syndication attract new ad categories such as insurance companies.

" 'Star Trek' was the door opener," he says. "People looked at the numbers and realized other than 'L.A. Law,' this show reaches more men age 18 to 49 than any other hour series on television."

Expecting more program successes, ASTA predicts barter syndication revenues in 1990 will reach a record $1.25 billion, $200 million more than 1989. Tim Duncan, ASTA's executive director, says syndication areas of strength continue to grow, particularly in

(Continued on Page S-20)

PERSON TO WATCH: NETWORK TV

CBS won't broadcast its first Winter Olympic Games until 1992. But J. Larre Barrett, the network's new VP-Olympic marketing and sales, already is stalking major advertisers to sponsor telecasts of both the 1992 and 1994 Winter Games.

Just how well CBS can sell its Olympic inventory could not only give the network a better way to sell its regular time but affect the network's future bids for sporting events. CBS has found Major League Baseball, for which it paid $1.06 billion, a tough sell. If CBS can't sell the Olympics, the network might believe it can't afford to buy the big sports.

"The Olympics are a concept sell. You have to have the ability to talk to clients perhaps at a different level of understanding of marketing," Mr. Barrett says.

Doug Goodman

J. Larre Barrett

"You have to show clients the advantages network television offers that other mediums don't. That's selling by concept, selling by ideas and translating it into marketing a product," he says. "The Olympics have been in that category all along."

Mr. Barrett, a veteran of six Olympic selling seasons during his 24-year tenure at ABC, joined CBS in February.

"It was a natural move," he says. "CBS didn't have any experience selling Olympics. I had a lot of experience and a love for the Olympics."

At CBS, he is attempting to push the boundaries of marketing support. The network will make its on-air sports personalities available for client meetings or as hosts of special videotapes. The network will produce corporate newsletters and lapel pins and offer print opportunities in Olympic guides it produces and free-standing inserts.

Mr. Barrett is trying to broaden the universe of Olympic advertisers, taking the package to possible sponsors that will be more likely to buy time if it is laced with incentives. These new customers could make or break the bottom line.

This is different from past Olympics where such add-ons were done in bits and pieces but not assembled in an upfront, customized package.

"I want to, in essence, present clients with a marketing/promotion program that allows them to pick and choose the elements they feel will work for individual marketing objectives," he says.

"It's never been done in the Olympics before and it could help bring in advertisers who otherwise couldn't afford to be in the Olympics," Mr. Barrett says. "That's the reason we created this marketing program. It's going to be, I think, a prototype for other events."

—Wayne Walley

PERSON TO WATCH: SPOT TV

Ken Better is playing the odds that more companies will shift spending out of national promotions into regional and local programs in the next decade.

As VP-new marketing and business development at MMT Sales, a spot TV sales rep for 59 stations across the country, his goal is to offer advertisers a way to coordinate media, advertising, promotion and marketing events with local, regional and national spot TV, regional print and local point-of-purchase advertising.

MMT, owned by Meredith Corp., publishers of such titles as *Better Homes & Gardens* and *Ladies' Home Journal*, can combine spot TV with print to jump-start both media and offer advantages against competitors selling single media packages.

"A TV commercial could be customized to tie in with a program in a certain market. Then *Better Homes & Gardens* has 144 local or regional editions that can be customized with market-specific copy, coupons or include a list of participating retailers. We can also publish customized booklets using the magazine name and logo that can be used for in-store displays. There's a lot of ways we can go," he says.

Mr. Better learned the spot TV business during a 14-year stint with Peters, Griffin, Woodward, a now-defunct rep company folded into Corinthian Communications.

Mr. Better once started his own TV monitoring company, but he sold it to Broadcast Advertisers Reports after five years. He most recently worked for AlphaTex, a marketing services company, before joining MMT last year.

Doug Goodman

Ken Better

"What makes us unique from other rep firms is that we have the resources to do these things within our own company," says Mr. Better, who started the new department at MMT in July.

"We can control this in-house, contain the costs, give appropriate discounts, add value and more."

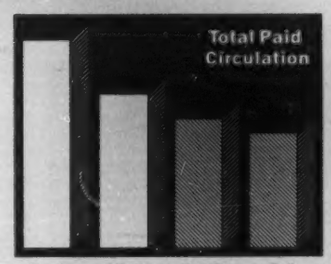
—Wayne Walley

The Sunday Chronicle and the daily Chronicle.

Surprised that The Houston Chronicle sells the two biggest newspapers in Houston? Well, it does.

The Sunday Chronicle sells 222,998 more papers than the city's other Sunday paper, giving it a 61% lead. And the daily Chronicle? It's got a 33% lead over their daily edition, and even outsells their Sunday paper by 64,996. The Houston Chronicle is also the largest paper in the Southwest and one of the top 20 papers in the country.

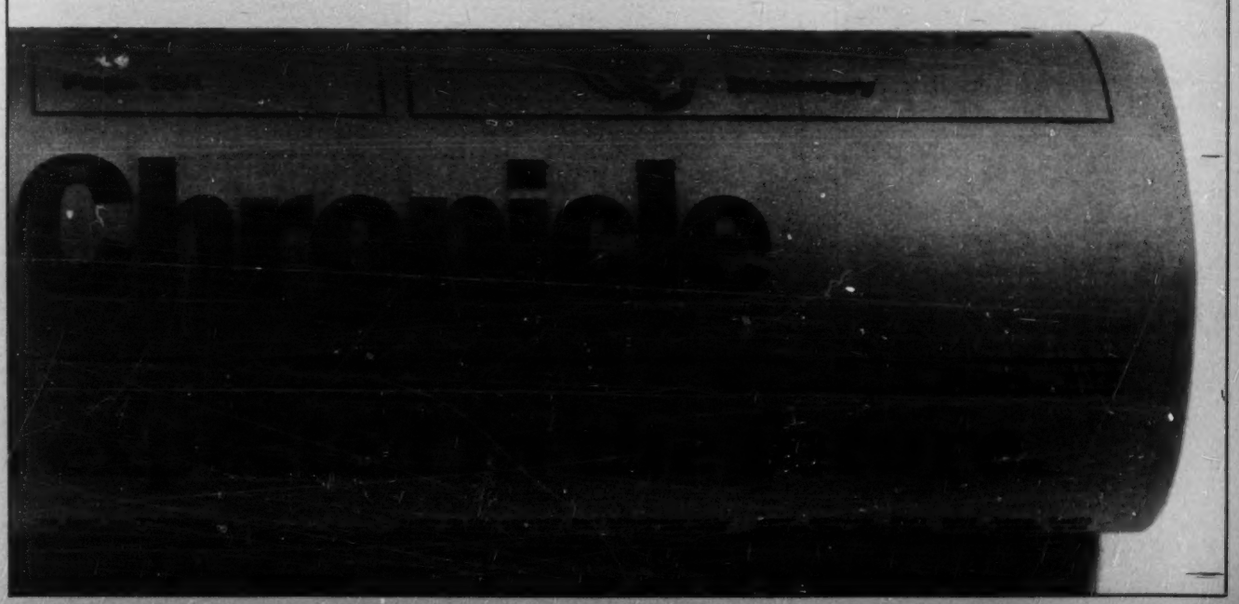
So if you want big advertising results, give us a call at (713) 220-7761. One phone call, and you'll get Houston's two biggest newspapers.



Sunday Chronicle	Daily Chronicle	Sunday Post	Daily Post
585,845	427,843	362,847	322,193

Calculations computed from the March 31, 1989 Publisher's Statements for The Houston Chronicle and The Houston Post.

Houston Chronicle
Houston's primary advertising investment.



PERSON TO WATCH: SYNDICATION

Doug Goodman

Marc Hirsch

Premier Advertiser Sales, the new kid in TV syndication, already is a force to be reckoned with.

Formed by merging the TV syndication sales teams of Paramount and MCA, Premier likely will command more than 20% of the $1.2 billion in projected barter sales in 1990.

The only thing that could change the picture is if Premier tries to become a "fifth network" instead of the country's largest purveyor of barter syndication advertising time.

Before that could happen, however, affiliates of Fox Broadcasting Co. would have to reverse their initial rejection of Premier's network proposal. Without the Fox affiliates, Premier would lack national coverage.

But Marc Hirsch, president of the new venture, believes no matter what the combined entity calls itself, Premier already has a unique place in the TV industry.

"There isn't anyone else out there selling barter syndication that has the kind of ownership to even think about doing the things we can," says Mr. Hirsch.

With the top-rated syndicated shows in late-night ("Arsenio Hall"), action/adventure hours ("Star Trek: The Next Generation"), first-run comedies ("Charles in Charge") and movie packages, Premier does have network-style clout, albeit on a smaller scale.

Although Mr. Hirsch is coy about future plans, it is believed Premier is contemplating package deals similar to networks or could create a hybrid way to meet advertisers' needs.

"Our job is to look for ways to increase the overall value of what we sell, not simply charge more money for it," he says.

—Wayne Walley

Golden age

(Continued from Page S-19)

daytime, early fringe and late fringe time periods.

The trickle-down effect of a strong network market also has helped spot TV, giving local station rep firms reason to expect healthy sales in 1990.

"The glory days of double-digit revenue increases ended a couple of years ago, but we might be looking at 6% to 8% increases in the next couple of years, and that's better than the 2% to 4% growth of the last few years," says Ken Better, VP-marketing and business development, MMT Sales, New York.

A key to spot TV's improved sales outlook is the return of package-goods marketers.

"The corporations have started to have a resurgence: the P&Gs, the Levers and more," says Tim McAuliff, president-chief operating officer, Blair Television.

While automakers have remained strong buyers of spot TV, movies unable to land network scatter spots also have contributed heavily. "It's been a tremendous category for us," Mr. McAuliff says. "They are perfect for spot."

Unwired networks also have grown out of the spot TV market, giving local stations a vehicle to vie with networks and barter syndicators for national ad dollars.

"Spot can be difficult and expensive for some people," says Mr. McAuliff. "With an unwired network, we can provide advertisers with one invoice, the sales and the support they need. More often than not it gives us a way to compete with barter." □

Age and sex is certainly valuable information. But if that's where your rating source stops measuring, you'd better hold it. Like the pictures here, the ages and sexes may be the same but vive la différence! Differences in income, education, lifestyle, purchasing habits, likes and dislikes, pros and cons, the list goes on and they're *all* important.

Only Birch/Scarborough provides you with the differences that are important to your media buying decisions. The differences that set you apart from other less-informed buying sources. Because Birch gets its information right from the horse's mouth. One on one. Person to person. At Birch/Scarborough, we talk directly to the people your clients want to talk to. Because that's the only way to get reliable, in-depth information. Information that gets results.

No two people are alike. The same is true of radio ratings services. They say people are the same. We say the difference is like nighttime and drive time.

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Ask for Kelly Anderson

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A VNU Marketing Information Services Company

BAROMETER

(Continued from Page S-1)

new types of affiliations for promotions, merchandising and more. CBS/K mart package and NBC/Sears are only the beginning.

Break my nose. Please... Talk is cheap. Talk is tawdry. Talk is hot. Even "Geraldo," the new kid on the block, is pulling down impressive numbers. The show is one of syndication's Big 3 in the afternoon, along with "Oprah" and "Donahue."

The happiest place on TV... Buena Vista Television's Disney Afternoon proves kids like cartoons—if they're done right.

Over here, over there... International sales always have been an important part of syndication. But the specter of 1992, the privatization of TV stations in Europe and an expanding market for programming has syndicators salivating over overseas potential.

COLD

Serial killers..."Dallas" and "Falcon Crest," once the most potent one-two punch on Friday night, are struggling to take second place in their respective time periods on CBS. ABC's "Dynasty," once a top-rated show, is gone. If it wasn't for CBS' "Knots Landing," nighttime soap operas might be considered a soon-to-be extinct genre.

Come on down! That's what is happening to ratings for daytime game shows. Only CBS' "Price Is Right" can crack the top 10. Even "Wheel of Fortune," the most popular syndicated show, can't find much of an audience on the CBS daytime schedule.

Mini mini-series... The blockbuster big-budget mini-series is gone, replaced by the more predictable and economical two-part TV movie.

Yes, we have no Vanna... Pat Sajak might spin a mean wheel with Vanna White at his side. But even with glib Dan Miller on the couch, Mr. Sajak's late-night talk show is putting audiences to sleep.

Crimes of passiveness... The networks, taken to task last year for a lack of program standards, are now safe instead of sorry. "Crimes of Passion," a reality-based docudrama, was pulled last year because of a lack of advertising support. Now producers say a titillating title could doom a network project.

That's all folks... With the resurgence of traditional cartoons from Disney, Warner Bros. and more, the Gobots and Transformers of yesteryear are fading fast. □

Upfront cable comes of age

(Continued from Page S-2)

close "a little bit."

Agencies already anticipate the need to move more quickly to secure desired commercial inventory when the upfront market opens next May or June.

"We probably will get in a little sooner this year," says Kathleen Lawson, VP-group director, Advanswers, a media-buying unit of Wells, Rich, Greene.

According to the 1989 "Myers Report" on cable advertising, agency media buyers are more attuned than ever to the importance of upfront cable, with 68% saying they believe it will have a "significant impact" on the broadcast media within the next year.

Already, however, some agency executives are sounding warnings of an advertiser backlash if cable networks try to raise CPMs too far, too fast.

"Granted, there's a lot of demand, but if cable networks continue to raise rates because of higher demand instead of higher [audience] ratings, something is going to have to give," says Chuck Bachrach, exec VP-director of network programming, Western International Media.

"Probably in the second half of the year advertisers are going to start saying 'enough is enough.' The ratings simply don't justify the continued rate increases," he says.

Although agency executives agree cable is now a well-established part of clients' media mixes, they also argue the industry needs better research and administrative systems for processing and tracking commercial orders than are available.

The Cabletelevision Advertising Bureau has made cable's administrative problems its No. 1 priority and will press in 1990 for industrywide standards on items such as commercial contracts, says Robert Alter, CAB president. □

Original fare 'blossoming'

(Continued from Page S-2)

Auto, retail, package goods and fast-food also are contributing to an expected 20% increase in ad revenues at the Discovery Channel, according to Kathy Clinton, senior VP-advertising sales.

With cable penetration now at the 56.4% level, which translates into 50.9 million cable TV homes, cable networks and operators will have to work harder than ever to improve customer service, says Whitney Goit, senior VP-marketing & sales, Arts & Entertainment.

On-air promotions also will get an overhaul at several networks such as VH-1, which has hired a group of writers and producers. "We will have a much stronger presence in 1990, in terms of the numbers of [on-air] spots and their look and feel," says Edward Bennett, VH-1 president.

Meanwhile, more trade advertising and promotion is planned by several networks such as A&E, whose niche now has been invaded by several competitors. "There's more noise out there than ever before, and we've got to keep pace so we're top of mind with advertisers," Mr. Goit says.

Several cable networks plan to provide better research to agencies and their clients so cable can be more easily weighed against traditional broadcast alternatives.

"The buzzwords for 1990 for ad-supported cable are going to be reach, frequency, demographic skews and efficiencies," says Dick Hammer, VP-advertising sales, The Family Channel. "Now that agencies have accepted cable as a regular part of the media mix, they'll look to more traditional media criteria to judge its value."

—Judith Graham

CAPITOL GAINS

Metro Harrisburg is setting new records for retail sales growth!

Metro Harrisburg jumped from 58th to 48th nationally in retail sales per household, according to Sales Management's 1989 Survey of Buying Power.

This important barometer of retail growth rates the Harrisburg market ahead of similar size markets year after year.

The Harrisburg Patriot-News is the one media vehicle that reaches the consumers with this acclaimed buying clout. We'll help your business tap this growing retail market by linking us to your 1990 ad schedules.

Call The Patriot-News (717-255-8203) or any Newhouse office for details.

Harrisburg Patriot-News

A Newhouse Newspaper

Only the 'smart' survive

(Continued from Page S-6)

The newest twist in value-added marketing partnerships allows agencies to work with portions of their clients' budgets the agencies never dealt with before.

For example, many leading magazines are beginning to spend more on consumer promotions, shifting the money away from trade efforts.

But here again, agencies expect publishers to accept such partnerships as one more element of the buying process, not some miracle replacement for rate negotiation.

Some media buyers are predicting that magazines could be the hot medium for advertisers in the coming decade, but they say publishers have a few things to prove first.

The media buyers are demanding more in-depth research on a magazine's reach, its relationships to the reader, its ad effectiveness.

"Magazines have survived the threat of TV, but is it because they're doing something right or because TV is having problems?" said Edward Wax, president-ceo, Saatchi & Saatchi Advertising.

1	New York	$108.12
2	Washington	95.11
3	Boston	89.79
4	San Francisco/Oakland	88.83
5	San Diego	85.48
6	Hartford/New Haven, Conn.	84.56
7	Los Angeles	80.04
8	Denver	78.12
9	Seattle/Tacoma	76.34
10	Sacramento/Stockton	93.94

Buyers also are pushing publishers into a Catch 22 situation by asking them to improve editorial quality while insisting on creative ad deals that usually involve a discounted rate that drives magazine revenues down.

Publishers insist rate negotiation eventually weakens their editorial product.

So far, buyers have been able to push for and obtain discounts because competition between magazines is heating up and the proliferation of niche magazines is pulling more and more ad dollars out of the marketplace.

That means publishers are doing what they have to do in order to stay afloat.

"The print marketplace is changing dramatically," says Ms. Smith.

"In 1970, there were 1,200 consumer magazines. Now, there are over 2,400," she continues. "The traditional means of doing business by the good old rate card is going by the wayside." □

Longing looks at rate card

(Continued from Page S-6)

tiate, are passing on the burden to the reader, raising cover and subscription prices.

In their ad pages, they expect to see strong growth in 1990 from automobiles, tobacco, liquor and computers, all basically no-growth categories in the early to mid-1980s.

To attract a broader advertising base, many magazines are expanding their editorial products and publishing more themed ad sections.

As niche publications grow in popularity, magazines also are making more of an attempt to sell individual sections to their advertisers.

In a new twist, Meredith's *Ladies' Home Journal* is asking advertisers not to compare it to the "Seven Sisters," but rather to judge its individual sections, such as health and fashion, against niche magazines that focus on the same topics.

"Our sections are as strong as any magazine in their field," claims Myrna Blyth, the magazine's editor in chief and publishing director.

—Scott Donaton

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BAROMETER

(Continued from Page S-6)

neurial spirit still will be very much alive, small publishers will need the support of major media companies to survive in the emerging global market.

Cover up...*Playboy* and *Penthouse* may suffer; their sleazier sisters definitely will. Can't ignore the continuing impact of AIDS and the country's return to basic values.

Not paying a premium...Hot-air circulation will diminish. More magazines will follow *Time's* lead in cutting back on the use of premiums to drive up subscriber counts and letting their rate bases fall where they may. The premiums failed to deliver loyal readers and merely begat more expensive gadgetry while milking the bottom line.

Does not compute...Computer books went through a shakeout recently but there's still too many around —way too many, say media buyers. More will down-load next year.

Blinded by science...The experiment's over: Most science magazines—the fad of the early '80s—have seen steadily declining circulation numbers. Many of the players in the '80s already no longer exist. □

Ad tier changes gears

(Continued from Page S-10)
works already is 30% to 35% committed—as more advertisers have entered the medium, many fearing they may be squeezed out of scatter positions later in the year if automakers make another run at available inventory. Yet last-minute needs will remain the overriding factor, says Mr. Kaline.

Scatter buying has revived network radio advertising, flat between 1987 and 1988. Depending on the monitoring service, growth was up either 4.7% or 12.1% in the first three quarters. The lower figure, an estimate based on units times rates, comes from Arbitron's Broadcast Advertisers Reports. The latter is from Radio Network Assn., and is based on ad receipts from 22 networks.

"Everyone wants value-added, and the fact that radio has begun to respond to that in areas beyond the youth side is important," says Mr. Kaline.

Adding value is an integral part of Anheuser-Busch Cos. radio buys. "Locally, we've been working successfully with a lot of tie-ins to consumer promotion, particularly in sports," says Chuck Fruit, VP-corporate media & sports marketing for A-B. "Nationally, we're involved with everything from straight network to syndicated program sponsorship."

A-B plans to keep using radio as part of a media package, as it has done this year in sponsoring the Rolling Stones tour, which also included signage and TV and cable buys.

A-B spent $42.7 million in 1988 on radio, down 2.1% from 1987, but has maintained 1988 levels through 1989 and expects to do the same in 1990. Radio pulls 10% to 15% of the company's total media budget, with 25% of radio dollars headed to network buys.

Richard Vietra, media supervisor for Backer Spielvogel Bates, New York, which handles Campbell Soup's red & white label soups, says radio's strengths are cost efficiency and lack of clutter.

"Companies are more and more interested in the bottom line than ever before. There are more products, things are tight on Wall Street, brand loyalty is a thing of the past," he says.

Anne Moncreiff Arrarte is a Advertising Age correspondent based in Miami.

Tie-ins

(Continued from Page S-10)
ents are buying radio as a backup to a TV image campaign, says Lawrence Norjean, senior VP, marketing and sales for the Radio Advertising Bureau.

Peter Moore, president of the Radio Network Association, predicts at least a 10% across-the-board increase in 1990.

Mr. Youlious says, "1987 was the nightmare, '88 was the turnaround year, '89 has been very good, and in 1990 we feel we'll be at least 6% to 8% over 1989."

Substantiating that claim is the heavy upfront buying for 1990. At ABC some 60% of available time was bought upfront, compared with the 30% to 50% upfront markets of the past.

—Anne Moncreiff Arrarte

BAROMETER

(Continued from Page S-10)
mat has settled into a comfortable routine. But a mid-life crisis may be looming as 40-decibel commercials clash with the mellow sounds emanating from your headset. Still primarily a one-station-a-market wonder.

Birds do it, bees do it... Even radio stations do it. An AM without an FM or an FM with no AM is a lonely drone. Better ratings, higher sales come with togetherness. One is the loneliest number.

Oh, shut up... The glut of moronic exchanges in advertising on the airwaves could make one lose faith in one's fellow man. Listening to insipid chat on the radio is cause for a swift channel switch.

Jessica Hahn's legacy... The giggling female radio presence—perhaps best typified by a Phoenix station's hiring of Ms. Hahn following her, ahem, brush with fame—is difficult for even the most dedicated chauvinist to swallow. So what if the job pays well?

Who's kidding whom?... Kiddie radio was a good idea gone awry. After the initial hoopla surrounding KPAL-AM's move to children's programming, advertising floundered and the Little Rock, Ark., station since has shoe-horned kid's programming into 2½ hours a day, down from 14 hours. □

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Feb. 26, 1990
Closing Jan. 22, 1990

BusinessWeek
WORLDWIDE AUTOMOTIVE INDUSTRY
Apr. 9, 1990
Closing Mar. 5, 1990

BusinessWeek
INTERNATIONAL HOT GROWTH COMPANIES
May 21, 1990
Closing Apr. 16, 1990

BusinessWeek
INTERNATIONAL BANKING
July 2, 1990
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Join the Leader!

Outdoor: The buyers' perspective

Room to pick and choose

By Alison Fahey

There are truths, half-truths and then research. Despite concern about the reliability of data on out-of-home's frequency and reach, advertisers plan to spend up to 6% more in the medium in 1990 than they did this year.

Developments in 1989 will continue in 1990, according to agency execs. That means new category growth, moderate rate hikes, off-rate-card dealing and declining spending in liquor and tobacco, the health of the latter tied to how RJR carves up its media plans for 1990 which already includes a 25% cut in magazines.

Declining tobacco spending will keep inventory available and rate increases low, marketers say. There are "wide-open avails in the first quarter," says Pete Riordan, VP, BBDO Worldwide, referring to a drop already in upfront buys from tobacco companies.

Rates, however, ultimately could be affected by an expected increase in 1990 by Patrick Media Group. The large outdoor company has not raised rates in 18 months while trying to sell operations in many of its markets to pay off debt.

"I expect Patrick will have to play catch-up ball at some point next year," says Mr. Riordan.

"Everybody is waiting to see what happens to Patrick's branches," says Robert Flood, senior VP-director of corporate outdoor, D'Arcy Masius Benton & Bowles, St. Louis.

As in other media, adding value via creative ad packages has found its way into outdoor.

"We are anxious to negotiate with packages. We like the idea of getting a proposal that combines various [out-of-home] formats," says Mr. Riordan, referring to Gannett Transit's packages that may include outdoor boards, subways and bus shelters.

Also, in-store media is heating up as new players enter the market at a breakneck pace. Many have been enticed by ad packages combining outdoor with in-store.

Improving research in general is a simmering issue in the industry. "They need new and improved research on delivery," says Glenn Griffin, outdoor media specialist, Young & Rubicam, New York.

An industry-backed attempt to revamp the audience measurement system, scheduled to be completed by 1991, is expected to address advertisers' concerns that current reach and frequency numbers are inflated.

Some advertisers are keeping their outdoor spending down until the new data is available, agency execs say.

The Jan. 1 planned merger of the Traffic Audit Bureau and the Out-of-Home Measurement Bureau is expected to result in more reliable numbers on more out-of-home media formats.

The new organization, Traffic Audit Bureau for Media Measurement, will broaden its base to include in-store media and bus shelters.

Many outdoor companies have been successful in attracting new users by touting the medium's ability to target, and backing up this claim with hard evidence from systems like Conquest and Prizm.

These efforts "are definitely working," says Mr. Griffin, noting Y&R clients in package goods, healthcare and retail are considering outdoor for the first time. □

Outdoor leaders enter headlong dive

-8.8% Jan.-June 1989 vs Jan.-June 1988

Top 15 outdoor brands drop 8.8% in first half '89 ad spending as industry edges up 0.9%.

Top 15 outdoor advertisers	Jan.-June 1989 ($mils)	% change Jan.-June 1989 vs Jan.-June 1988	full year 1988 ($mils)
Newport Menthol Filter Cigarettes	$13.8	22.1%	$22.9
Marlboro Filter Cigarettes	13.5	22.7	24.3
Kool Filter Cigarettes	8.0	233.3	7.7
Camel Filter Cigarettes	4.9	(24.6)	12.7
Salem Filter Cigarettes	4.5	(60.9)	19.7
Winston Filter Cigarettes	4.5	(32.8)	13.6
Benson & Hedges Mthol Fil Cigs	3.5	59.1	6.3
Capri Trim & St 100 Cig Reg Fl	3.5	(28.6)	12.9
Chevrolet Local Dealers	3.4	(19.0)	7.6
Virginia Slims Cigarettes	3.4	0.0	7.6
McDonald's Drive-In Restaurants	3.0	(3.2)	6.3
Ford Local Dealers	2.9	(14.7)	7.2
Marlboro Menthol Filter Cigs	1.7	(22.7)	5.0
Carlton Filter Cigarettes	1.3	(51.9)	4.4
Vantage King Cig Reg Fl	0.2	(94.4)	6.8
Total	**72.1**	**(8.8)**	**165.0**

Top 15 brands selected by 1988 total spending, but ranked by 1st half 1989 spending.
Source: LNA/Arbitron Advertising Age graphic: John Helland/Holly Seguine

Haggle

(Continued from Page S-14)

She sees a possibility to close the gap between national and local rates, particularly as national newspapers put more pressure on local papers. Ms. Ritchie applauds *The National*, the nationally distributed sports newspaper that will be launched next year, for its single rate for both national and local advertisers. Currently, the disparity between national and local rates can range from 15% to 100%.

"Newspapers for many years had a blind spot as far as national advertisers were concerned," she says, referring to an almost blase attitude toward national advertising because it represented a minor part of total linage. In '88, national placements represented just over 11% of all newspaper ads.

"The world of newspapers is 4,000 separate kingdoms," Ms. Ritchie says, noting that she is beginning to see more flexibility in some of those kingdoms.

Yet, in today's market, most buyers say no one buys at the national rate.

Newspapers' merchandising and cross-promotional activities have been almost nonexistent. "The [advertising] sale of newspapers has not been as sophisticated as other media, and that may be part of their problem," says Ms. Ritchie.

"Newspapers can be as creative as any other medium," says Mr. Mitchell. "You just have to push it."

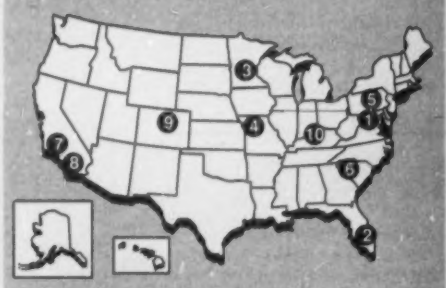
But overall, the buyers are not optimistic about the medium's future.

Newspaper's outlook "is grim. The trend has been that newspapers are getting a bit weaker each year. I don't know how they will pull themselves up," says Mr. Jacoby, pointing to the industry's heel-dragging on more flexible national rates and its inability to grab young readers.

"The long-term trends are very ominous," says Ms. Ritchie. "Unless newspapers rise to the occasion, they're going to find themselves out of business." □

10 hottest newspaper markets

ADI's ranked by gross media revenues per household



1	Washington	$373.56
2	Miami/Ft. Lauderdale	357.81
3	Minneapolis/St. Paul	281.27
4	Kansas City	262.77
5	Harrisburg/Lansing Pa.	261.09
6	Greenville/Spartanburg, S.C.	256.25
7	Los Angeles	248.93
8	San Diego	248.32
9	Denver	246.67
10	Louisville	246.55

Source: AA estimate Advertising Age Graph: Holly Seguine

More frills

(Continued from Page S-14)

years. The *News & Observer* is hoping to increase classified linage by establishing "pick-up" classified rates that give Sunday classified buyers a half-price rate for Monday.

These strategies help take the pressure off straight rate-card negotiations. "We're very careful not to go off the rate card," Mr. Crisp says.

But the reality of newspaper selling these days demands flexibility.

The *News & Observer* may change the rate card to "test a supplemental rate card during the year," he says. "Ten years ago no one would have dreamed of that."

—Janet Meyers

Here's what you get if you buy Hartford/New Haven without the Register.

Hartford/ ~~New Haven~~

No other daily paper reaches more than 5% of the New Haven market. So to reach nearly a quarter-million households, with a per household effective buying income more than $9,000 higher than the national norm, contact national reps Landon Associates or call our national ad manager, Tom Foley, at 203-562-1121.

SOURCE: Sales & Marketing Management Data Service (1989) and ABC.

New Haven Register

40 Sargent Drive, New Haven, CT 06511

New waters

(Continued from Page S-16)

Outdoor Group.

"We have to keep up with marketers' changing product strategies and continue to show them how we can add value to their local media plans," says Tom Hudson, Patrick Media Group's VP-national marketing and sales and general manager of the Los Angeles office. This means putting outdoor on the must-buy media list to target minority groups, for example.

Rather than selling out-of-home strictly as a cost-efficient way to target locally, industry players are detailing how outdoor can serve as an effective companion medium—even among other out-of-home forms. Gannett Outdoor Group, which has a variety of outdoor vehicles at its command, reports it has sold about 20 ad packages that typically include bus, subway and outdoor boards.

With an influx of in-store media—everything from the old standby shelf-talker to the newest electronic video network—ad packages combining outdoor with in-store media also are surfacing. Outdoor sellers see this as their way to tap into marketers' desire to bring sales messages increasingly closer to the point of sale.

With the growing support of retailers and other new clients, more in-depth research on reach and frequency, out-of-home audience demographics and new ad packages continually emerging, the industry seems to be recovering from the trauma of three years ago. □

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MEDIAWORKS

OCTOBER AD RESULTS

Newsweeklies show gains

October was a solid month for ad-page gains among the three national newsweeklies.

Men's magazines also turned in good performances, according to Publishers Information Bureau data, as did *Life*, which saw its October ad-page count double from 1988 levels. *Forbes* regained the year-to-date ad volume lead from *Fortune*.

After a disappointing summer, *Newsweek* turned in a strong performance, bringing its ad-page count even with last year's January-October period.

The newsweekly carried 337 October ad pages, 19.7% higher than October 1988. Its 10-month 1989 ad-page total was 1,957, a modest 0.1% advance *(see table at right)*. Executives at the magazine last week insisted they weren't worried about falling ad-page volume; they noted PIB ad revenues were up 5.4% over 1988 to more than $200 million for the first 10 months of 1989.

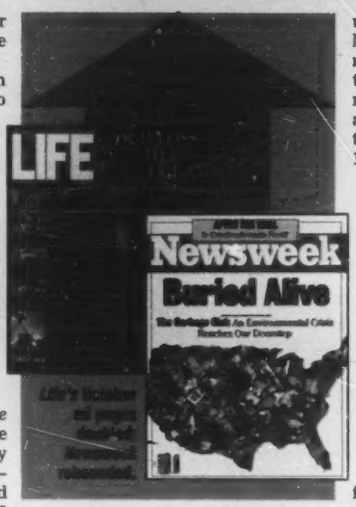
Publisher Howard Smith said *Newsweek's* fourth quarter is looking strong and that he expects 1989 results will surpass 1988 in both ad-page volume and revenues.

Newsweek's October performance brought it no closer to category-leading *Time*, whose October ad-page volume was up 24.3% from 1988 to 359 pages. For the January-October period, *Time's* ad count was 2,210 pages, up 11.6% from last year.

Time continued to benefit from Max-Plan, Time Inc. Magazine Co.'s corporate discount program.

U.S. News & World Report also had a healthy October, logging 272 ad pages, a 37% increase over the year-ago period. Its January-October count rose 9.7% to 1,604 pages.

Among business magazines, *Forbes* recaptured the 1989 ad volume lead from *Fortune* after



surrendering it in September. *Forbes* benefited from publishing three regular issues in October and also its annual *Forbes* 400 edition. *Fortune* published two issues in October.

Forbes' October ad-page total of 793 was up 36.2% over last year. *Fortune's* October issues carried 486 ad pages, a 7.3% hike. For the year to date, *Forbes* carried 3,165 ad pages, up 14.9%, to *Fortune's* 3,043, up 17.2%.

Business Week's ad-page total for 1989's first 10 months reached 3,927, a 7.1% increase, PIB reported.

After a strong September, *TV Guide's* ad pages dropped to 246 in October, a 44.4% fall from October 1988. The comparison is affected by the 1988 network TV writers' strike, which delayed the start of the fall 1988 TV season and forced *TV Guide's* ad-heavy fall TV preview issue into October from September.

After a first-half dip in ad volume from 1988 levels, *TV Guide* had rebounded during the summer months and was up 2.4% through September. With October results factored in, *TV Guide's* ad-page count for January to October was 2,659, 5% below its 1988 pace.

Time Magazines' *Life*, which is having its best year ever as a monthly, carried 136 ad pages in October, a 109.7% increase over last year. Its January-October count reached 676 ad pages, a 24.5% jump.

Hearst Magazines' *Victoria*, meanwhile, more than doubled its ad-page count for the first 10 months. The magazine carried 136 ad pages, a 151.8% leap.

Travel & Leisure continued to dominate the travel field, despite increased competition in the category. Its ad pages totaled 1,206 for the first 10 months, up 10.1% over last year. *Conde Nast Traveler* carried 754 ad pages for the same period, a 50.7% increase.

Endless Vacation saw its ad page count rise 9.7% to 299, while *Travel/Holiday's* pages climbed 9.1% to 369. *National Geographic Traveler* posted a 34.2% increase to 149 ad pages.

Among health titles, Owen Lipstein's *American Health*, which is reportedly about to be sold to Reader's Digest Association, carried 616 ad pages through October, a 12.2% increase.

Its competitors didn't fare as well. *Health* saw its ad pages fall 17% to 336, while *Prevention's* pages dipped 9.5% to 510.

Men's magazines looked strong, overall, through 1989's first 10 months. *GQ's* ad pages rose 5% to 1,820, while *Esquire's* pages rose 14.8% to 1,049. *Playboy's* pages reached 596, a 10.2% jump, while *Penthouse* reported its pages rose 19.1% to 511. □

Written by Scott Donaton.

Magazine ad-page leaders

Publishers Information Bureau figures for January through October.

Rank	Magazine	Pages	% chg	Dollars	% chg
1	Business Week	3,927.47	7.1	208,620,248	15.4
2	Forbes	3,164.72	14.9	127,901,813	24.6
3	Fortune	3,042.67	17.2	134,732,996	21.5
4	People	2,991.04	3.8	257,291,826	11.7
5	Bride's	2,825.24	16.3	46,571,531	25.9
6	Vogue	2,760.80	0.3	82,564,433	15.5
7	TV Guide	2,659.41	(5.0)	263,386,125	(1.0)
8	New York Magazine	2,419.09	0.2	36,809,237	6.2
9	Sports Illustrated	2,398.90	(0.9)	269,307,187	2.3
10	Time	2,209.69	11.6	301,814,730	9.8
11	Modern Bride	2,127.82	14.5	32,792,926	24.6
12	Newsweek	1,957.10	0.1	200,125,724	5.4
13	Cosmopolitan	1,948.62	(0.7)	104,318,743	10.5
14	Economist	1,935.87	(0.3)	14,979,519	10.6
15	Elle	1,862.41	2.5	49,929,936	12.0
16	GQ	1,819.81	5.0	40,143,241	14.8
17	The New Yorker	1,773.64	2.1	40,140,544	9.7
18	Glamour	1,657.64	(4.5)	75,279,632	2.6
19	Family Circle	1,620.86	12.3	121,550,716	17.5
20	U.S. News & World Report	1,603.78	9.7	119,689,243	20.3
21	Rolling Stone	1,551.06	5.6	55,177,543	13.3
22	American Way	1,544.38	5.4	16,706,705	12.9
23	Entrepreneur	1,489.26	43.4	11,790,564	75.1
24	Architectural Digest	1,487.91	0.8	36,436,332	8.5
25	Woman's Day	1,487.77	9.2	111,759,474	22.3
26	Yachting	1,415.86	(3.3)	8,546,607	(1.5)
27	Mademoiselle	1,380.94	(9.3)	40,963,913	(1.4)
28	W	1,336.51	7.1	26,836,809	15.5
29	Good Housekeeping	1,318.00	4.0	115,912,732	13.5
30	Muscle & Fitness	1,280.38	(0.9)	19,775,686	46.7
31	Town & Country	1,272.74	(1.0)	27,417,997	12.2
32	Ladies' Home Journal	1,265.38	18.2	82,010,443	25.0
33	Sunset	1,259.21	(3.5)	36,866,928	(3.9)
34	Parents	1,216.90	9.8	47,784,046	17.8
35	Harper's Bazaar	1,210.46	2.2	29,569,747	10.8
36	Travel & Leisure	1,206.14	10.1	41,677,148	19.7
37	Seventeen	1,174.21	(5.0)	34,333,623	1.2
38	Better Homes & Gardens	1,153.63	(1.5)	123,920,568	2.2
39	Skin Diver	1,151.43	(0.1)	10,174,345	2.7
40	Vanity Fair	1,136.48	24.9	31,868,469	53.3
41	Golf Digest	1,131.15	5.7	54,226,403	15.6
42	Southern Living	1,119.84	(5.7)	51,428,213	1.4
43	Texas Monthly	1,096.78	(0.2)	11,822,253	4.7
44	Self	1,092.79	6.5	34,408,132	17.7
45	Car & Driver	1,060.38	5.6	43,091,364	19.9
46	Esquire	1,048.92	14.8	29,858,694	25.3
47	San Francisco Focus	1,040.59	6.0	6,236,052	12.9
48	Golf	1,028.77	22.8	28,625,185	22.0
49	Money	1,009.11	(11.9)	61,240,635	(5.3)
50	Metropolitan Home	1,005.84	17.5	29,030,610	26.4
51	Road & Track	998.46	2.3	31,414,848	17.5
52	Redbook	991.66	(0.7)	60,219,530	6.4
53	Gourmet	975.58	(0.7)	23,438,165	11.9
54	Inc.	970.76	2.9	36,603,683	13.9
55	Ebony	953.21	(3.1)	30,982,904	0.3
56	Jet	947.83	(11.1)	15,021,369	(8.2)
57	Bicycling	947.26	(1.6)	11,240,827	19.0
58	McCall's	927.40	16.3	62,562,375	27.3
59	Working Woman	924.67	0.1	25,911,915	9.1
60	Country Living	911.92	0.1	35,055,269	16.0
61	Hot Rod	906.65	1.6	19,962,871	17.5
62	Reader's Digest	897.08	(6.7)	90,785,769	1.3
63	Popular Photography	860.99	10.7	18,816,647	6.9
64	New Woman	838.61	(0.8)	19,383,333	10.9
65	Smithsonian	830.80	(1.0)	34,495,231	8.4
66	Four Wheeler	826.94	(7.6)	6,169,964	4.8
67	Motor Trend	825.59	6.4	26,566,953	18.0
68	Popular Science	808.36	20.8	22,541,573	27.5
69	House & Garden	805.55	(12.0)	19,075,543	(0.8)
70	Bon Appetit	805.21	(0.7)	23,852,503	10.2
71	Field & Stream	796.97	(3.5)	34,112,690	9.9
72	Outdoor Life	796.88	1.9	23,287,266	13.5
73	Popular Mechanics	791.85	1.6	24,453,487	9.6
74	Delta Sky	771.98	(2.6)	18,456,912	7.5
75	Black Enterprise	765.90	2.4	9,336,141	5.7
76	Conde Nast Traveler	753.94	50.7	18,013,776	74.3
77	Connoisseur	751.17	(8.8)	11,754,092	11.4
78	Essence	740.18	(6.9)	16,371,986	0.6
79	M-The Civilized Man	729.12	(6.7)	8,247,742	6.9
80	Working Mother	693.04	(0.6)	13,778,952	10.5
81	Tennis	676.15	(16.1)	15,131,604	3.7
82	Life	675.62	24.5	47,420,664	33.2
83	House Beautiful	673.43	(6.1)	22,598,709	4.6
84	Ski	668.37	5.7	12,596,518	15.3
85	Basemaster	651.08	(0.8)	11,159,730	4.7
86	Sports Afield	648.32	(13.4)	11,734,899	12.9
87	Shape Magazine	648.04	(21.1)	9,556,230	(4.3)
88	Financial World	640.75	4.7	12,651,960	40.3
89	Yankee	633.69	(15.3)	7,045,763	(5.8)
90	US	624.89	18.7	18,393,704	41.8
91	American Health	615.83	12.2	11,734,799	20.2
92	California	612.87	(6.1)	8,271,284	(0.0)
93	Art & Antiques	609.55	0.9	3,315,928	4.4
94	Premiere	602.89	36.7	8,729,593	114.0
95	National Journal	599.21	(18.9)	3,774,480	(15.6)
96	Playboy	596.49	10.2	36,610,500	15.2
97	Home	593.20	(6.5)	15,323,800	4.3
98	Food & Wine	587.82	14.4	13,158,267	28.0
99	Omni	582.19	(9.4)	17,251,015	2.5
100	1,001 Home Ideas	581.38	2.3	15,396,999	18.8

Per cent change is computed from January through October 1988 pages by PIB.
Source: Publishers Information Bureau

NEWSSTAND

Print advertising opportunities.

The Family Handyman, Minneapolis, "Windows" special editorial feature, February issue; ad close: Nov. 28. B&w page: $21,200; color page: $30,740.

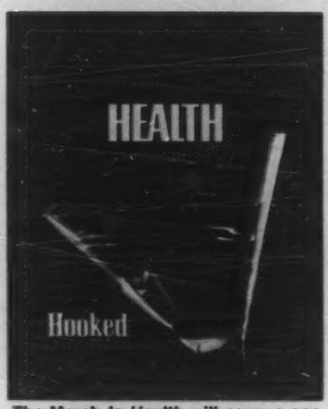
New Woman, New York, "Reveling in romance" special editorial section, February issue; ad close: Nov. 28. B&w page: $19,160; color page: $25,560.

Metropolis, New York, "West Coast" special advertising section, January/February issue; ad close: Dec. 1. B&w page: $2,820; color page: $4,655.

Redbook, New York, "PTA reports: childcare in the 1990s" special advertising supplement, March issue; ad close: Dec. 1. B&w page: $28,125; color page: $37,500.

Cooking Light, Birmingham, Ala., and **In Health**, **Life** and **Parenting**, all New York, "Family nutrition in the '90s" special editorial section, March issues; ad close: Dec. 4. Color ½-page: $79,240; color page: $140,000.

Men's Health, Emmaus, Pa., "Getting an edge: new sports equipment" special editorial section, March/April issue; ad close: Dec. 4. B&w page: $8,155; color page: $11,500.



The March *In Health* will carry a special "family nutrition" section.

New York Magazine, New York, "Downtown Manhattan" special editorial issue, Dec. 18 issue; ad close: Dec. 4. B&w page: $15,340; color page: $24,150.

Philadelphia, Philadelphia, "The looks of the '80s, the shape of the '90s" special editorial feature, January issue; ad close: Dec. 6. B&w page: $5,185; color page: $7,690.

The Sporting News, St. Louis, "Man of the year" special editorial issue, Jan. 1 issue; ad close: Dec. 8. B&w page: $15,520; color page: $19,500.

Golf Digest, Trumbull, Conn., "The Senior Tour journal 1990" special editorial issue, February issue; ad close: Dec. 10. B&w page: $39,440; color page: $59,160.

Alaska Airlines Magazine, Seattle, "Arizona" special editorial feature, February issue; ad close: Dec. 11. B&w page: $3,130; color page: $4,110.

Fortune, New York, "The portable office" special advertising section, Jan. 29 issue; ad close: Dec. 11. B&w page: $36,230; color page: $55,440. □

Bertelsmann tops in Euro media

By David Murrow

LONDON—Bertelsmann is No. 1 in European media revenues, according to a recent Saatchi & Saatchi Communications report.

This is the first time Saatchi has conducted the study, called "Top 50 European Media Owners" and based on the most recent year's financial reports on media revenues from TV, print, radio, cinema and outdoor from 17 European countries.

The top 50 corporations generated media revenues of more than $31 billion during that time.

Bertelsmann, a West German media conglomerate, led the list with $1.67 billion in media revenues out of total company revenues of $6.45 billion.

Reed International, the U.K.'s largest publisher, ranked second with $1.65 billion in media revenues. Silvio Berlusconi's Fininvest placed third, claiming media revenues of $1.47 billion.

No single media owner accounts for more than 4% of European advertising revenue, estimated at $50 billion, the report found.

Media "companies are increasingly becoming multimedia and multinational," said Steven Winram, Saatchi's worldwide media research and information director.

"We know all about the centralization of media buying, so we decided to . . . study the recipients of the money being spent," he said.

Of the top 50, U.K. companies have the most representation, with 16 companies accounting for 30% of total media revenue.

German media companies, with 10 in the top 50, representing 23% of the total, are second.

"The principal criterion . . . is those media revenues and media properties that are of direct interest to the advertisers, advertising agents and media buyers who use these vehicles as part of their consumer marketing effort," the report said.

Rounding out the top 10 European media owners were: Germany's Axel Springer Verlag, the largest newspaper publisher in Europe; French magazine group Hachette; French communications giant Havas; U.K. newspaper and magazine publisher United Newspapers; French media group Hersant; German publisher Heinrich Bauer Verlag; and Rizzoli-Corriere della Sera, the Italian publisher.

"Top 50 European Media Owners" costs about $440 and is available from Saatchi & Saatchi Communications, 80 Charlotte St., London W1A 1AQ, England. □

Europe's largest media companies

Rank	Company	Media revenue	Total revenue
1	Bertelsmann	$1.665	$6.453
2	Reed International	1.649	2.225
3	Fininvest	1.468	9.685
4	Axel Springer Verlag	1.425	1.620
5	Hachette	1.382	4.100
6	Havas	1.286	2.654
7	United Newspapers	1.212	1.341
8	Hersant	1.176	1.176
9	Heinrich Bauer Verlag	1.142	1.142
10	RCS	1.092	1.092

Figures in billions. *Source:* Saatchi & Saatchi Communications

Murdoch allays media merger fear

By Wayne Walley

NEW YORK—The development of a global TV network will likely be spawned by advertisers, not the media, Rupert Murdoch says.

"One network under one ownership umbrella would be very tidy, but it's not possible in all countries," the News Corp. chief executive said this month at Yeshiva University's Benjamin N. Cardozo School of Law. "When you do get a global network, it will be for sporting events, and it will be driven by advertisers."

But Mr. Murdoch said his company would like to create some form of a global news service with the "ability to plug in anywhere in the world for your news. We are reaching out. I know NBC is reaching out, too, to form these sorts of associations [or partnerships] around the world."

During his 75-minute conversation with attorney Howard Squadron about the development of global communications companies, Mr. Murdoch hinted at some changes at *TV Guide* and questioned regulatory constraints on media, media consolidation, the "success" of *USA Today* and the future of daily newspapers.

"*TV Guide* has a long way to go," Mr. Murdoch said of the weekly he bought in August 1988. "Half of American homes have cable TV. Within five years, all cable will have 55 channels. It's going to be major work deciding what you are going to watch every night. You will want a good, complete guide, much better than a newspaper can afford to give you."

As for government regulations, he said, "the trouble is that it takes years [for legislators] to work it out and it quickly becomes outdated." Instead, he'd like to "allow market forces to work."

Mr. Murdoch said he sees technology as the likely equalizer for any potential dangers from media mergers. "I don't think there's going to be a monopoly," he said. "It's too easy to start a magazine today. Technology offers more, cheaper opportunities for diversity."

Regarding *USA Today*, Mr. Murdoch said Gannett Co. has "done a magnificent job in production, and marketing it and selling it to advertisers, but it doesn't satisfy readers. I think it's disappointing."

USA Today's competition, however, isn't coming from daily newspapers, he said.

"There is less readership of daily newspapers today because of so much TV news and radio news," Mr. Murdoch said. ". . . I'm not saying newspapers are going to die, far from it. But I think daily newspapers of large circulations are going to find it hard. There are other ways [to reach consumers]. The media are changing." □

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CALENDAR

December

Dec. 4-6, **Association of National Advertisers**, creative advertising, media strategy and promotion strategy seminars, Stouffer Westchester Hotel, White Plains, N.Y., (212) 697-5950.

Dec. 6, **Business Month**, Best Managed Companies Award Luncheon, Waldorf-Astoria Hotel, New York, (212) 645-7840.

Dec. 7-8, **Marketing Institute**, "Harness the Power of Brands" brand loyalty and equity conference, Holloran House, New York, (212) 883-1770.

Dec. 11-12, **Executive Enterprises**, Publishing Mergers & Acquisitions Workshop, Sheraton Centre, New York, (212) 687-1765.

Dec. 13, **Art Directors Club**, second annual holiday art auction to benefit the club's Visual Communicators Education Scholarship Fund, ADC Galleries, New York, (212) 674-0500.

Dec. 14, **International Radio & Television Society** and **Unistar Communications**, Christmas benefit, Waldorf-Astoria Hotel, New York, (212) 867-6650.

Dec. 14-15, **Advertising Research Foundation**, "Electronic Media & Research Technologies," Hilton Hotel, New York, (212) 751-5656.

January 1990

Jan. 11-12, **Suburban Newspapers of America**, Circulation Roundtable, Hyatt Regency, Chicago, (312) 644-6610.

Jan. 12, **Association of Retail Marketing Services**, Supermarket Promotion Seminar, Swiss Grand Hotel, Chicago, (201) 842-5070.

Jan. 14-17, **National Retail Merchants Association**, 79th annual convention, New York Hilton and Sheraton Centre hotels, New York, (212) 244-8780.

Jan. 16-19, **National Association of Television Programming Executives**, annual program conference, New Orleans Convention Center, (213) 282-8801.

Please send Calendar items to Kathy Welyki, Advertising Age, 740 Rush St., Chicago 60611.

Big campaigns draw mixed recall

By Scott Hume

Maybe there aren't any rules when it comes to new ad campaigns.

The October adWatch survey of ad awareness presents a mixed bag of results for three high-profile campaigns in three different product categories.

Burger King Corp.'s $150 million "Sometimes you just gotta break the rules" campaign didn't elicit much of a response from the 1,000 consumers polled last month.

For Nissan Motor Corp. USA's $60 million-plus effort for its new Infiniti division, the news was mixed. After a slow start, the controversial ads that didn't show the product until Nov. 5 generated more recall than they had immediately after their launch. But as far as top-of-mind awareness, Infiniti is still back in the pack of automotive advertisers from which it has tried to differentiate itself.

The strongest showing was posted by Apple Computer, which introduced its first laptop computer at the start of the month and broke a $40 million campaign for the Macintosh line midmonth.

D'Arcy Masius Benton & Bowles and Saatchi & Saatchi Advertising, both New York, handle Burger King; Hill, Holliday, Connors, Cosmopulos, Marina del Rey, Calif., handles Infiniti; BBDO Worldwide, Los Angeles, is Apple's agency.

None of the three cracked the list of 10 best-recalled advertisers for October. What stands out most on that list is the appearance of two "generic" entries. Auto ads in general tied for sixth; grocery store ads in general came in tenth.

This raises the unsettling question of whether consumers are exposed to so much advertising that they're remembering categories rather than brands.

Before advertisers lose too much sleep over that, however, they should consider what happened to the Burger King, Infiniti and Apple brands.

Burger King executives from the start have said their "break the rules" campaign is a long-term effort meant to create a dialogue with consumers rather than indulge in the short-term, promotional ads tied to new products and price discounts favored by so many other chains.

In that case, the October survey results won't surprise them.

When respondents were asked which fast-food advertising first came to mind, 46.1% named McDonald's Corp. (up 2.5 points from September); 12.6% named Wendy's International (up 4.2 points); and 11.4% named Burger King (up 0.8 points).

McDonald's spent the month promoting various discounts and the new McRib sandwich; Wendy's introduced a Super Value Menu of 99¢ food products; and Burger King launched its string of low-key image spots, with minor weight given to a new BK Doubles sandwich line.

Nissan's Infiniti garnered only one unaided mention in September but boosted that to eight in October, good enough to tie it (with K mart Corp. and Nike) for 13th overall.

But when respondents were asked which car or truck ad first came to mind, Infiniti ranked 17th.

Maybe people didn't understand from the ads that Infiniti is an automobile.

Ford topped the category again with 20% of first mentions, Chevrolet was No. 2 with 18.9% Toyota was No. 3 with 6.7%.

Apple showed the biggest gain of any advertiser for the month. When respondents were asked which computer advertising first came to mind, Apple received 33.1% of first mentions, up 5.5 points from its September showing.

IBM Corp. was No. 2 with 18% (vs. 18.7% the previous month); Radio Shack was No. 3 with 3.7% (vs. 4.4%).

AdWatch is a joint project of *Advertising Age* and the Gallup Organization. Awareness is measured by asking a nationally projectable sample of adults to name the first advertiser that comes to mind, overall and in several categories, from all heard, seen or read in the previous 30 days. The phone survey's margin of error is plus or minus 3.1%.

Among other items of note, Coca-Cola remained the best-recalled advertising overall last month. But it still can't catch Pepsi-Cola when respondents are asked to recall the first soft-drink ad they remember.

Pepsi-Cola came to mind first for 36.6%, up from 35.3% in September. Coca-Cola was No. 2 with 29.9% of first mentions, down 4 points from the previous month. Diet Coke was No. 3 with a 6.4% share (vs. 6.5%). □

For more information, contact the Gallup Organization, 301 S. 6th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

AdWatch survey of advertising awareness Top 10 in October

Last month, 1,000 people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertising first comes to mind? Source: Gallup Organization, Lincoln, Neb.

Rank 10/89	Rank 9/89	Advertiser	Agency
1	1	Coca-Cola	McCann-Erickson Worldwide
2	2	Chevrolet	Lintas:Campbell-Ewald
3*	5	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham Worldwide
3*	7*	Ford	J. Walter Thompson USA
5	6	McDonald's	Leo Burnett USA
6*	—	Tide	Saatchi & Saatchi Advertising
6*	—	Automobiles (general)	Various
8*	3	Pepsi-Cola	BBDO Worldwide
8*	7*	Toyota	Saatchi & Saatchi DFS/Pacific
10	—	Grocery stores (general)	Various

*Indicates tie.

Jamaica starts agency review

By Jon Lafayette

NEW YORK—While the federal bribery case against Young & Rubicam slowly works its way to trial, the Jamaica Tourist Board has begun the process of selecting another agency.

Last week, the tourist board began contacting by fax a short list of agencies to pitch its $5 million-to-$10 million account, said Regional Manager Noel Mignott.

Among the agencies contacted were Bozell; Chiat/Day/Mojo; FCB/Leber Katz Partners; Jordan, McGrath, Case & Taylor; Saatchi & Saatchi Advertising; and Tromson Monroe, all New York, and Burrell Advertising, Chicago.

Mr. Mignott declined to give out the full list until he could determine which agencies are interested in pursuing the account.

Some of those contacted won't be interested. Saatchi & Saatchi currently is agency for the Mexican National Tourist Council. The account is under review, however, and Bozell is a contender.

The eventual agency there is unlikely to be able to pursue the Jamaican account.

Chiat dropped out of Jamaica's earlier review in April and has since indicated it's no longer interested.

Meanwhile, Y&R's trial on conspiracy and racketeering charges in connection with its handling of the Jamaica Tourist Board account isn't expected to start until February, sources said.

When the trial does begin, the two Jamaicans charged with accepting bribe money, businessman Arnold Foote Jr. and former Tourism Minister Eric Anthony Abrahams, are unlikely to be in the courtroom.

"There's definitely a large question whether these offenses are extraditable under the treaty," said an official in the U.S. attorney's office.

The U.S. government, however, doesn't believe the unavailability of the two Jamaicans will affect the charges against Y&R.

"There are a lot of offenses that are not extraditable," the official said. "It doesn't mean they weren't properly charged or that other people can't be proceeded against."

A Y&R source said the agency would prefer to have the two Jamaicans available as witnesses. But since the Jamaicans are defendants, they might choose not to testify.

Earlier this month, Y&R made motions to dismiss the charges. The government has until Dec. 1 to respond. □

Coen forecasts

(Continued from Page 3)

time commercial and CPMs up 7% can be expected.

Because of the red-hot upfront market for the 1989-90 TV season, prices will be much higher in the opening quarter with prime-time commercials up 10% and CPMs about 12% from first quarter 1989.

But with the economy expected to worsen as the year evolves, prices will drop. Prime-time costs will soften as some marketers will exercise cancellation options.

Next year also will see more reruns than 1989, which feasted on more first runs because of the fall 1988 writers' strike.

■ **Spot TV.** Overall spot TV increases for most markets are expected to rise 4% in unit prices and CPMs. However, there could be wide swings by market and time of the year.

Demand for spot TV commercial time has been soft since early 1985 and will remain so in 1990. Two big factors shaping the spot market—economic conditions and new-product launches—won't show much improvement.

The most important package-goods advertisers have been tightening their budgets. Only categories such as automobile dealer associations and travel and resorts may have somewhat larger budgets.

Non-network commercial inventory will be tight in September and October, reflecting heavy spending on political campaigns.

The buyers of spot TV schedules will be able to negotiate favorable prices if there's enough lead time and a deep enough market list. Schedules placed at the last minute in weeks or months of above-average activity may be subject to exceptionally high prices as stations make up for under-budget performances.

■ **Cable TV.** Unit prices and CPMs for cable will increase 12% and 8%, respectively, in outdistancing growth of other media.

Cable's pricing growth is a function of larger audiences, greater coverage by the cable networks and improved ratings.

Cable CPMs remain a bargain despite the unit-rate escalation.

■ **Network radio.** Unit rates and CPMs for network radio will both rise 4% in holding to inflation.

This comes after a year of heavy rate increases largely responding to the relatively limited supply of radio network commercial slots.

Network radio will maintain its appeal to advertisers, but key users could modify their strategies and thereby soften total buying pressure.

■ **Spot radio.** Spot radio increases should reach 5% for unit prices and 4% for CPMs following a year of stronger increases.

Like network radio, it's difficult for this medium to post large price gains in successive years.

■ **Newspapers.** Newspaper ad increases will be more in line with other media in 1990 as unit prices and CPMs improve 5%.

National ad rates of newspapers historically rise in line with newsprint and labor costs. During most of the '80s, newspaper rate increases have been larger than increases in general inflation.

Buyer demand gradually has weakened. Newspapers' more earthbound projections reflect a need by the medium to become more competitive for ad dollars.

■ **Magazines.** Magazine publishers now feel justified to ask for large price increases. For the past three years, magazines have been under intense pressure to modify rates and provide many extras. This pressure has left ad rate increases lagging behind the rise in their own costs.

Unit prices should grow by 6% and CPMs by 5%, though intense competition between magazines in a year of sluggish ad growth will affect the final size of the real rate increases.

■ **Outdoor.** The demand and pricing in this medium should turn up in 1990—5% in unit prices and 4% in CPMs—after bottoming out this year.

The industry has been feeling the ad decline in several important categories—and has had to moderate rate increases while providing more special concessions and extra bonus exposures.

■ **Direct mail.** Unit and CPM increases will rise only 3% as direct mailers continue to reel under pressures of higher postal rates. Rates in first quarter 1989 were 10% to 15% higher than a year earlier, contributing to a fall-off in mail piece volume.

Another postal rate increase is possible late in 1990, cutting deeper into volume. But for most of the year, advertising mailing costs will be barely higher than in 1989. □

Mr. Coen is senior VP-director of forecasting at McCann-Erickson Worldwide, New York. His projections of media costs are the most widely anticipated forecasts in the industry and are presented exclusively in Advertising Age.